

CERTIFIED PUBLIC ACCOUNTANT EDUCATION AND ETHICAL DECISION-
MAKING PREPAREDNESS: A PHENOMENOLOGICAL STUDY
EXPLORING THE CONNECTION

by
Vicki Donna Bealman
Liberty University

A Dissertation Presented in Partial Fulfillment
Of the Requirements for the Degree
Doctor of Education

Liberty University
April, 2013

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ABSTRACT

The purpose of this phenomenological study was not to evaluate efficacy of ethical training for current accounting programs, but to understand the perceptions of Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness. The study used pre-interview surveys, face-to-face interviews, and timeline drawings to acquire data in four principle areas: CPA ethical decision-making preparedness, accounting program ethics educational requirements, accounting program ethics learning activities, and CPA perceptions of necessary changes to accounting program ethics requirements. Results from Virginia CPA perceptions indicate the definition of ethical decision-making as doing the right thing at all times, ethical decision-making preparedness as the education and experience to determine the right course of action, case studies as most effective ethics learning activities, lack of required ethics education in accounting programs, as well as increased stand-alone ethics courses and ethics incorporated in all accounting courses as necessary changes to current accounting programs. Other emergent themes from Virginia CPA perceptions include CPA reluctance to participate in context-based research, CPA Firm efforts to encourage CPAs to violate guidelines, and CPAs walking away from the industry to avoid pressure to violate guidelines.

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List of Abbreviations

AAA	American Accounting Association
AGA	Association of Government Accountants
AICPA	American Institute of Certified Public Accountants
AIMR	Association for Investment Management and Research
CASB	Cost Accounting Standards Board
CEO	Chief Executive Officer
CPA	Certified Public Accountant
EEC	Ethics Education Continuum
ELT	Experiential Learning Theory
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IMA	Institute of Management Accountants
IRS	Internal Revenue Service
NASBA	National Association of State Boards of Accountancy
NASSACT	National Association of State Auditors, Controllers, and Treasurers
PCAOB	Public Company Accounting Oversight Board
PEEC	Professional Ethics Executive Committee

RMA	Risk Management Association
SEC	Securities Exchange Commission
SIA	Securities Industry Association
VSCPA	Virginia Society of Certified Public Accountants

CHAPTER ONE: INTRODUCTION

“Accountants are highly sophisticated, knowledgeable professionals, serving one of the most valuable functions in a capitalist society; Accountants are people who protect the truth.” Securities Exchange Commission Chairman Arthur Levitt 1996

The accounting profession lost unconditional public trust and respect after the collapse of Enron in late 2001 (Brewster, 2003). In addition, studies suggest the 2008 U.S. banking and financial crisis was a result of inaccurate accounting and effects of diminished moral reasoning not controlled by independent regulatory systems (Bucciarelli, Khemlani, & Johnson-Laird, 2008; Financial Crisis Inquiry Commission, 2011; Sinn, 2008). As a result, reported by the Financial Crisis Inquiry Commission (2011), in the period from January 2009 to December 2010, 297 banks failed, and the list of troubled banks increased from 640 to 860 from second to third quarter 2010. The public perceived accounting as broken, and should be repaired. Certified Public Accountants (CPAs), who once held a reputation for technical skills, modest ambitions, and dedication to public interest, were viewed as profit-maximizing salespeople focused on annual growth versus safeguarding public trust (Brewster, 2003). Substantial research reported the decline in moral reasoning and ethical decision-making standards of CPAs, however, a review of previous literature revealed little research conducted on perceptions of Certified Public Accountants for the influence of accounting ethical education requirements on their ethical decision-making preparedness (McPhail, 2006; Uysal, 2010).

This chapter provides a background on CPAs’ self-governing structure, accounting ethics and ethical decision-making preparedness, and formal accounting

education. The problem was identified, along with the purpose and significance of the study. Research questions with supporting rationales and delimitations were outlined, with the research plan analyzed and results reported.

Background

CPAs are expected to perform professionally with high standards of technical skills, integrity, and ethical decision-making, in an industry guided by self-discipline and self-governance (Federal Accounting Standards Advisory Board website, 2011; Ferrell, Daniels, & Ferrell, 2009; Lane & O'Connell, 2009; Pratt & McLaughlin, 1989; Shortridge & Smith, 2009). CPAs, as members of the American Institute of Certified Public Accountants (AICPA), voluntarily assume an obligation of self-discipline, integrity, ethical decision-making, and professional responsibility to the public, clients, and colleagues (American Institute of Certified Public Accountants, 2012).

Under the American Institute of Certified Public Accountants' (AICPA) Code of Professional Conduct, integrity is a decision or action that is right and just, in the absence of laws, rules, standards, or specific guidance ((American Institute of Certified Public Accountants, 2012). CPAs are in large part self-governed by the Code of Professional Conduct, consisting of principles and rules, and have a responsibility and obligation to improve accounting, maintain public confidence, and execute the profession's responsibilities. CPAs are expected to voluntarily comply with technical and ethical standards of accounting: as a result, noncompliance is considered a subordination of judgment (American Institute of Certified Public Accountants, 2012).

Financial experts reported inaccurate financial information led to inaccurate financial decisions (Brazel, Jones, & Zimbelman, 2009; Financial Crisis Inquiry

Commission, 2011; Lane & O'Connell, 2009; Norris, 2009; Sinn, 2008). Corporate financial reporting scandals, financial crisis, and ongoing accounting education controversy underscored an academic responsibility to educate accounting students to make informed ethical decisions when they prepare, audit, report, or use financial results (King, 2010). As business and banking failures continue, mortgage defaults and foreclosures continue, and unemployment rises, educators must provide accounting and financial practitioners the learning environment and learning activities to effectively develop a useable, real-world level of ethical decision-making preparedness (Vasarhelyi, Teeter, & Krahel, 2010).

Accounting graduates are in high demand and placed in real-world positions which require strong accounting technical skills combined with professional standards of accounting ethical decision-making, but were they effectively taught the required combination of real-world skills (Beard & Wilson, 2006; Calvert, Kurji, & Kurji, 2010; Fleming, Romanis, & Lightner, 2009)? The traditional accounting education curriculum is teacher-centered, relying on a lecture, textbook reading, and a textbook problem-solving format, measuring success by CPA Exam pass rates of graduates (Ashe & Nealy, 2010; Young, 2009). However, prior research suggested accounting technical and ethical decision-making skills are best learned from experiential, activity-based, instruction (Beard & Wilson, 2006; Pratt & McLaughlin, 1989; Weil, Oyelere, & Rainsbury, 2004).

Situation to Self

I was in the executive business management arena; senior accountant, and financial manager for over 20 years. An interest in business and accounting ethics evolved as a result of witnessing intentionally incorrect accounting and misleading

financial reporting, in public, corporate, government, and not-for-profit accounting settings. My interest peaked while working in accounting management for mortgage banking institutions during the three to five years preceding the 2008 financial crisis.

There were numerous occasions when I was asked, but refused, to record transactions in ways not consistent with Generally Accepted Accounting Principles (GAAP). Organizations I was affiliated with intentionally manipulated financial statement reporting through overinflated revenues, understated expenses, and recording inflated assets and deflated liabilities. As a result, balance sheets, income statements, and statements of cash flows misrepresented the financial positions of the organizations involved. Mortgage bankers overstated applicant income and understated applicant liabilities to indicate a debt-to-income ratio required for mortgage loan approvals. In addition, mortgage bankers and mortgage loan officers pressured and bargained with real estate appraisers to report the values of homes at significantly higher amounts than warranted, to indicate the mortgage loan-to-value required for loan approval, and subsequently earned high commissions and bonuses

Mortgage bankers, when making lending decisions, traditionally and historically referred to the Five C's of Credit; character, capacity, capital, conditions, and collateral ("Five C's of Credit," 2003-2010). As reported by BusinessLoan.org ("Five C's of Credit," 2003-2010); (a) character refers to the buyer's reliability, reputation, experience, knowledge, references, education, and credit history; (b) capacity indicates ability to repay the loan, evidenced by cash flow, payment history, and credit relations; (c) capital measures the amount invested into the purchase, through down payments, and reflects shared risk, confidence, and trust; (d) conditions are the purpose of the loan, economy,

job stability, and borrower overall financial stability; and (e) collateral guarantees repayment of the loan, through the value of the real estate in foreclosure, as determined by the real estate appraisal. However, home buyers with minimal assets, unstable work histories, challenged cash flow and credit, and low credit scores were approved for subprime mortgages at escalated levels, on properties overvalued through overinflated appraisals, with adjustable interest rates, and monthly payment amounts that increased and exceeded capacity to pay (Financial Crisis Inquiry Commission, 2011).

Balance sheets of the lending institutions recorded values of real estate that secured mortgages at significantly overinflated amounts, and resulted in misrepresented assets and financial health (Financial Crisis Inquiry Commission, 2011). Bank of America Chief Executive Officer (CEO), Brian Moynihan, testified to the Financial Crisis Inquiry Commission (2011), “over the course of the crisis, we, as an industry, caused a lot of damage; never has it been clearer how poor business judgments we have made have affected Main Street” (p. 389).

I began initial research on accounting, accounting education, accounting ethics education, AICPA Code of Conduct, ethics components of the Uniform CPA Examination, and accounting rules and principles within the regulatory environment, as a result of increasing levels of borrower mortgage defaults and subsequent foreclosure rates. Millions of households entered foreclosure; millions more continued to fall behind on mortgage payments, while other homeowners walked away from their devalued homes and returned the keys to the banks (Financial Crisis Inquiry Commission, 2011). As a result, I discovered a dearth of recent literature on CPAs’ perceptions of accounting ethics education’s influence on CPA’s ethical decision-making preparedness (McPhail,

2006; Uysal, 2010). The majority of published studies lacked detailed investigation of what takes place in the public accounting setting, from the perceptions of Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness (McPhail, 2006).

Problem Statement

The 2008 financial crisis in the United States was in large part a result of intentional disregard of accounting fundamentals, diminished moral reasoning, lack of CPAs' ethical decision-making, and U.S. companies' failures to recognize risks and negative consequences associated with intentional disregard of accounting fundamentals for financial reporting (Financial Crisis Inquiry Commission, 2011; Norris, 2009; Sinn, 2008). Prior research suggested ethics were not adequately covered in traditional accounting programs, while most stakeholders agreed ethics should be an integral part of an accounting curriculum (Shawer, 2006). There is a lack of research from perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness (McPhail, 2006; Uysal, 2010). Entry-level and experienced Virginia CPAs were identified as participants in the study for combined and individual lived experiences of influences CPAs perceive between accounting ethics education requirements and their level of ethical decision-making preparedness.

Purpose Statement

The purpose of this phenomenological study was not to evaluate efficacy of current accounting education programs, but to understand the perceptions of Certified Public Accountants (CPAs) for the influence of their accounting ethical education requirements on their ethical decision-making preparedness. For the purposes of this

study, ethical decision-making preparedness (illustrated in Figure 1.1) was defined as the adequate combination of accounting ethics education, accounting technical skills education, applicable learning activities, and suitable instructional methodologies to assist the CPA in identifying potential ethical dilemmas, alternative solutions, and reaching the action perceived as right versus acceptable.

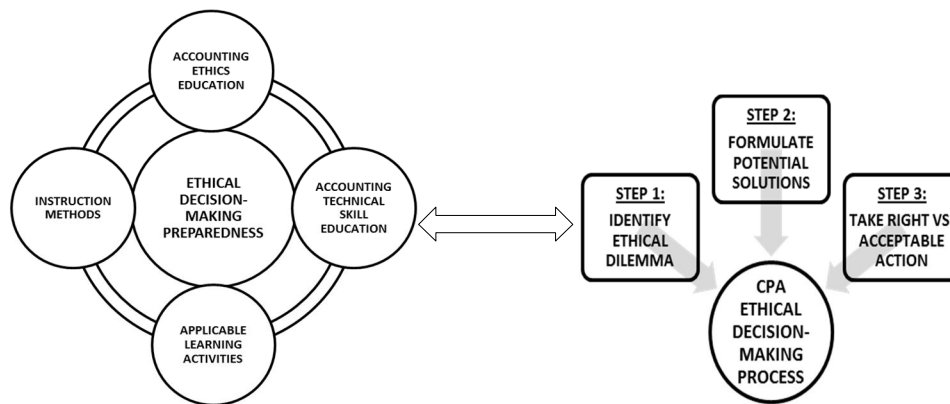


Figure 1.1. The CPA ethical decision-making preparedness model highlights effect of CPA education on ethical decision making process.

Significance of the Study

This study sought to extend existing knowledge on accounting ethics education application in real-world ethical decision-making for CPAs in Public Accounting Firms (King, 2010; McCarthy, 2010; Vasarhelyi et al., 2010). According to Moustakas (1994), “New perceptions always hold the possibility of contributing knowledge regarding any object” (p. 53); however there exists a deficit in literature on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness is addressed (Emerson, Conroy, & Stanley, 2008). An increased understanding of potential relationships between accounting ethics education and CPAs’ level of ethical decision-making preparedness was the primary goal of the study.

Research reported experiential hands on instruction as most effective for accounting instruction. This is supported by Kohlberg's (1984) stages of cognitive development with Kolb's (2005) experiential learning model. As reported by Lincoln and Guba (2000), reality for the CPA is socially, culturally, and historically constructed, thereby Kolb's (2005) model for concrete learning activities, when applied to the accounting classroom, is effective for CPA ethical decision-making preparedness (Intentional learning: A process for learning to learn in the accounting curriculum, 2011). As a result, to explore and understand perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness, the study followed symbolic discourse and social constructivism paradigms; social interaction and negotiating of meanings and norms structure social practices of individuals, while the social world is recreated by humans with every encounter, where reality is the result of individual sense-making (Morgan & Smirich, 1980).

Accounting educators have the potential to provide an accounting curriculum to match hard technical skills and real-world soft skills of accounting programs with the requirements and demands of accounting graduates immediately upon entrance into the profession. The descriptions of perceptions from a convenience sample of the CPA population practicing in public accounting firms in Virginia provided additional insight and information for accounting education programs to potentially increase ethical decision-making preparedness of entry-level CPAs, and subsequently decrease the negative consequences of on-the-job ethics preparedness which could result from making unintentional and incorrect ethical decisions. The results of the study have potential significance to society; a CPA with a higher level of ethical decision-making

preparedness could increase his or her ability to recognize an ethical dilemma, improved skills to evaluate the potential choices, and enhanced moral reasoning strategies to make the most ethical decision (Emerson et al., 2007; International Accounting Educational Standards Board, 2006; King, 2010). Deficits in accountants' ethical decision-making and judgment were listed as a major contributor of the 2008 U.S. financial crisis (Financial Crisis Inquiry Commission, 2011); therefore, understanding the accounting ethics educational program and learning activities necessary to prepare accountants could decrease the repercussions created by potential lack of ethical decision-making preparedness (Calvert et al., 2010; Duska & Duska, 2003).

Research Questions

The focus of inquiry was not efficacy of ethical training for current accounting programs, but how CPAs perceive the influence of accounting ethical education requirements on their ethical decision-making preparedness. The study was designed to collect data through surveys, interviews, and timeline drawings for CPA perceptions on influence of accounting ethical decision-making requirements on their ethical decision-making preparedness. For this study, the CPA participants were referred to as co-researchers, versus co-authors, who were encouraged to participate equally with me in the study to seek knowledge and understanding for the influence of accounting ethics education on their ethical decision-making preparedness (Moustakas, 1994). The CPAs were required to be actively employed at the time of participation, to gain descriptions from CPAs with current experiences of the phenomena under study; the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. The following questions guided the study:

Question 1

How does the practicing CPA describe his or her perception of ethical decision-making in relation to CPAs? The question was designed to gain a rich description of elements the CPAs perceive that influenced their ethical decision-making, how their ethical decision-making has changed during their professional life as a CPA, if how CPAs handle ethical decision-making has changed over time, and how CPAs' personal ethical decision-making effects their professional ethical decision-making (Emerson et al., 2007).

Question 2

How does the practicing CPA describe his or her perception of ethical decision-making preparedness? The question was designed to gain a detailed description for CPA perceptions of ethical decision-making preparedness, the role ethical decision-making preparedness plays in daily life as a CPA, and how ethical decision-making preparedness has changed over time in professional life as a CPA, with detailed descriptions provided by CPAs (Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008).

Question 3

How does the practicing CPA describe his or her perceptions of accounting ethics learning activities in college accounting degree programs? The question was designed to gain a description of elements the CPAs perceive as college accounting ethics learning activities. In experiential learning, students learn by doing, by working on problems and cases that allow evaluation of alternatives and arrival at answers logically (Beard & Wilson, 2006; Bucciarelli et al., 2008; Kolb, 2005; NG, Dyne, & Ang, 2009).

Question 4

How does the practicing CPA describe his or her perception of accounting degree program ethics education influence on his or her informed ethical decision-making preparedness? The question was designed to gain a description of influences from accounting ethics education the CPAs perceive as effecting ethical decision-making preparedness, whether accounting ethics education effectively prepared CPAs for ethical decision-making, and what relevance CPAs perceive accounting ethics education should have for recognizing ethical dilemmas and CPA overall ethical decision-making preparedness (Emerson et al., 2007).

Question 5

What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness? The question was designed to gain a description of elements the CPAs perceive as necessary changes in college accounting ethics requirements to increase CPA levels of ethical decision-making preparedness (AICPA, 2012; Emerson et al., 2007).

Delimitations

Delimitations of the study, related to design, methodology, analysis, or co-researchers defined boundaries of the study (Moustakas, 1994). The study was delimited to include only practicing entry-level and experienced CPAs, from small, medium, and large public accounting firms in Virginia. The target population was CPAs involved in auditing and financial reporting disciplines, as auditing and financial reporting were identified as contributing to the 2008 U.S. financial crisis. The CPAs were required to be actively employed at the time of participation, to gain descriptions from co-researchers

with current experiences of the phenomena under study; the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Co-researchers must have had one to three years of experience to be entry-level CPA co-researchers, and three or more years to be experienced CPA co-researchers, have passed the Uniform Certified Public Accounting Examination, and possess full licensure from the Virginia State Board of Accountancy. These criteria are categories of CPAs as defined by the AICPA (American Institute of Certified Public Accountants, 2012). CPAs are “chief financial officers for Fortune 500 companies, advisors to small businesses, and also work in small and large public accounting firms” (American Institute of Certified Public Accountants, 2012, para. 8 & 9). However, for this study, The CPA co-researchers must have been practicing in a public accounting firm, versus corporate, government, or nonprofit organizations.

Research Plan

The study was a qualitative approach to explore and understand perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. The study was not intended to evaluate efficacy of ethical training for current accounting programs, but add to existing literature, and explore influences of accounting ethics education on accountants’ ethical decision-making preparedness, from perceptions of CPAs practicing in Virginia. The phenomenon was approached with emphasis on exploration, discovery, and description, to understand realities from CPA perspectives and descriptions (Gall, Gall, & Borg, 2010; Moustakas, 1994).

Kohlberg's (1984) stages of cognitive development with Kolb's (2005) experiential learning model framed the qualitative phenomenological study. Kolb's (2005) model for concrete learning activities is applied to the accounting classroom for CPA ethical decision-making preparedness (Intentional learning: A process for learning to learn in the accounting curriculum, 2011). The study was designed to follow symbolic discourse and social constructivism paradigms; social interaction and negotiating of meanings and norms structure social practices of individuals, while the social world is recreated by humans with every encounter, where reality is the result of individual sense-making (Morgan & Smirich, 1980). Reality is socially, culturally, and historically constructed, to understand social phenomena from context specific perspectives, where personal experiences have subjective and multiple meanings (Lincoln & Guba, 1985, 2000).

Although there may be a tendency for members of a group targeted for misbehavior to seek blame, according to Moustakas (1994), the primary source of knowledge is perception. As a result, this transcendental phenomenological study was designed to investigate and explore and understand perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness, from CPAs' lived experiences. The focus was not to evaluate efficacy of ethical training for current accounting programs, but experience descriptions of the CPAs. Episodic interview questions were developed and piloted to guide the study, to encourage intentionality and intuition; intentionality is "the perceiving of something . . . and intuition is having a consciousness of an essence" (Moustakas, 1994, pp. 32-33). I set aside presuppositions and assumptions, through bracketing and epoche, to collect and

analyze data, and maintain a fresh perspective on the phenomenon with openness to all themes which emerged. The discoveries provide basis for further vital research and reflection (Moustakas, 1994).

Summary

This transcendental phenomenological study investigated and explored perceptions of Virginia CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness, from CPAs' lived experiences. The background on CPA self-governance structure, accounting ethics, ethical decision-making and formal education was discussed with the support of literature. The problem, purpose, significance, and delimitations of the study were detailed. Research questions with supporting rationales, and the research plan were outlined. Chapter Two will detail the literature reviews, to include theoretical framework, ontological assumptions, ethics, business ethics, accounting ethics, accounting industry, and accounting education.

Definitions

To better clarify the terminology of this study, the following definitions of terms are presented.

American Institute of Certified Public Accountants (AICPA)

The (AICPA) is the national professional organization of Certified Public Accountants (CPAs) in the United States, setting ethical standards for the profession and U.S. auditing standards for audits of private companies, non-profit organizations, federal, state and local governments (American Institute of Certified Public Accountants, 2012). It also develops and grades the Uniform CPA Examination.

AICPA's Code of Professional Conduct

The Code of Professional Conduct of the American Institute of Certified Public Accountants (2012) was adopted by the membership, and affords rules and guidance for performance to all members of the AICPA, in public practice, industry, government, and education.

Certified Public Accountant (CPA)

For the purposes of this study, Certified Public Accountant (CPA) defined the CPA currently practicing in a Virginia Public Accounting Firm, involved in auditing and financial reporting. CPAs and CPA auditors prepare, analyze, and communicate financial information for companies, individual clients, Federal, State, and local governments, to ensure efficient operations, accurate financial records, and accurate tax preparation.

Co-Researcher

For this study, the CPA participants are referred to as co-researchers, versus co-authors, who were encouraged to participate equally with me in the study to seek knowledge and understanding for the influence of accounting ethics education on their ethical decision-making preparedness (Moustakas, 1994).

Ethical Decision-Making Preparedness

For the purposes of this study, ethical decision-making preparedness was defined as adequate combination of accounting ethics education, accounting technical skills education, applicable learning activities, and suitable instructional methodologies to assist the CPA in identifying potential ethical dilemmas, alternative solutions, and reaching the action perceived as right versus acceptable.

Experiential Learning Theory

For the purposes of this study, experiential learning is knowledge created through grasping and transforming experiences; experience is grasped through concrete experience and abstract conceptualization, while experiences are transformed through reflective observation and active experimentation. Integrated learning combines experiencing, reflecting, thinking, and acting, and is responsive to learning situations and what is being learned (Kolb, 1984).

Financial Accounting Standards Board (FASB)

For the purposes of this study, the FASB is the standard-setting body for the private sector (Federal Accounting Standards Advisory Board, 2012).

Government Accounting Standards Board (GASB)

The (GASB) is the standard-setting body for the private sector for state and local government accounting (Governmental Accounting Standards Board, 2012).

Generally Accepted Accounting Principles (GAAP)

Generally Accepted Accounting Principles (GAAP) comprises the rules, conventions, and procedures which define accepted practices for accounting (Federal Accounting Standards Advisory Board, 2012).

International Accounting Standards Board (IASB)

The (IASB) is the standard-setting body for international accounting (International Financial Reporting Standards, 2012).

Kohlberg's Theory of Cognitive Development

Kohlberg's (1969) work contributed to today's debates on moral development, reasoning, and ethical decision-making, and proposed that individuals develop thinking through experiences and understanding of justice, rights and equality.

Professional Ethics Executive Committee (PEEC)

The PEEC was created by the American Institute of Certified Public Accountants out of increased focus to develop methods for monitoring CPA ethical behavior. The PEEC interprets and enforces the AICPA's Code of Professional Conduct, discusses standard-setting activities, performs case investigations, and additional unspecified enforcement measures (American Institute of Certified Public Accountants, 2012).

Uniform CPA Examination

All states use the rigorous four-part Uniform CPA Examination, and less than 50% of candidates pass on the first attempt, while all four parts must be passed within the same 18-month period.

Virginia Society of Certified Public Accountants (VSCPA)

Virginia Society of Certified Public Accountants (VSCPA) is the premier organization serving CPAs in the state of Virginia, with over 10,000 members (Virginia Society of Certified Public Accountants, 2005).

CHAPTER TWO: LITERATURE REVIEW

Professional literature was reviewed on accounting ethics education and accountant ethical decision-making preparedness. Kohlberg's (1984) theory of cognitive development with Kolb's (2005) experiential learning theory framed the study, and combined symbolic discourse with social construction paradigms into a taxonomy for accounting research. Literature from professional and academic publications, electronic databases, websites, and textbooks was searched, surveyed, and critiqued. This chapter synthesizes previous literature on perceptions of Virginia CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness, within the framework of cognitive development and experiential learning theories. Topics include a background of the 2008 U.S. financial crisis, business and accounting ethics, accounting industry, accounting education, and an overview of opportunities for accounting educators. The chapter concludes with gaps in literature and the debate on necessity of accounting ethics education for CPA ethical decision-making preparedness.

Theoretical Framework

Kohlberg's (1994) theory on stages of moral development with Kolb's (2005) experiential learning theory provides the underlying framework for accounting student ethical decision-making preparedness, (see Figure 2.1). Kolb's (2005) model for concrete classroom learning activities was applied to the accounting classroom. The philosophy of accounting research followed a symbolic discourse with social interaction paradigm.

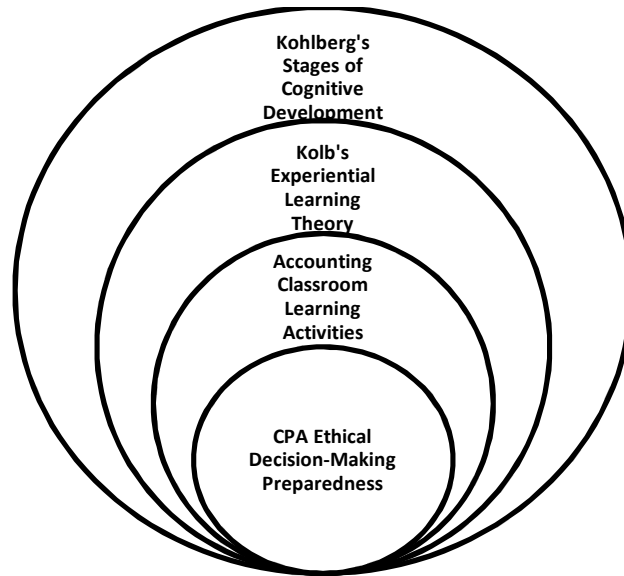


Figure 2.1. Theoretical framework for CPA ethical decision-making preparedness study.

Kohlberg's Theory of Cognitive Development

Moral reasoning is a cognitive structure individuals apply to resolve ethical dilemmas, and provides a framework for conceptualization of ethical dilemmas to guide the reasoning process (Fleming et al., 2009). Kohlberg (1969) modified Piaget's (1932, 1965) work. Kohlberg's (1969) work contributed to today's debates on moral development, reasoning, and ethical decision-making, and proposed that individuals develop thinking through experiences and understanding of justice, rights and equality. Kohlberg (1969) identified six stages of moral reasoning, in three levels which represent shifts in social-moral perspectives; level one, the pre-conventional level, views moral judgments characterized by an individual and concrete perspective; level two, the conventional level of morality, is characterized by understanding that norms and conventions are necessary to uphold society, and; level three, the post-conventional level, is characterized by reasoning from principles that underlie norms and rules, while rejecting uniform application of the rules and norms.

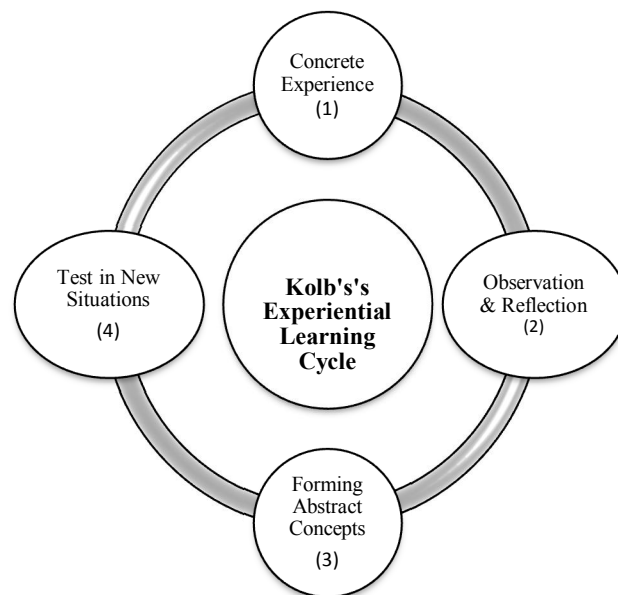
A 2011 multiple-regression study applied Kohlberg's (1969, 1979) theories to examine effects of external classroom activities on development of accounting students' moral growth, using a sample of 396 undergraduate accounting students across the United States (Brown-Liburd & Porco, 2011). Brown-Liburd and Porco (2011) report undergraduate accounting students who intern with a public accounting firm or participate in accounting volunteer projects demonstrate higher levels of cognitive moral and ethical development, and increased ethical decision-making preparedness; an opportunity for educators to develop increased ethical awareness of accountants through real-world exposure to ethical public accounting practices.

Kolb's Experiential Learning Theory

Kohlberg (1969) contributed to today's debates on CPA moral development, reasoning, and ethical decision-making preparedness, and proposed that individuals develop thinking through experiences and understanding of justice, rights and equality, consistent with Kolb's (2005) experiential learning theories. Research reported structures of knowledge are learned, stored in long-term memory, within the context of original learning that affect a CPA's ability to apply knowledge in decision-making (Fleming et al., 2009).

Experiential Learning Theory (ELT) has its origins in the experiential works of Dewey, Lewin, and Piaget; the philosophical pragmatism of Dewey, social psychology of Lewin, and Piaget's cognitive-developmental epistemology form the unique ELT perspective on learning (Kolb, 2005). Kolb (1984) describes experiential learning as knowledge created through grasping and transforming experiences; experience is grasped through concrete experience and abstract conceptualization, while experiences are

transformed through reflective observation and active experimentation (see Figure 2.2). Integrated learning combines experiencing, reflecting, thinking, and acting, and is responsive to learning situations and what is being learned (Kolb, 1984). David Kolb's experiential learning theory (ELT) is a prominent approach to how students absorb and use new information, focuses on the role experience plays in learning, and therefore applicable to CPAs' ethical decision-making preparedness (Kolb, Boyatzis, & Mainemelis, 1999).



*Figure 2.2. Kolb's experiential learning cycle, adapted from *Experiential learning: Experience as the source of learning and development*, by David A. Kolb, 1984, Upper Saddle River, NJ: Prentice-Hall.*

Accounting Research Philosophy

In social science, CPAs' ethical decision-making preparedness will always be social, intrinsically meaningful, and concept-dependent in relation to accounting practices and the phenomenon of CPA co-researchers' perceptions for ethics education and its influence on ethical decision-making preparedness; meanings are dependent on what they mean to the CPA society and its members (Weirich, Pearson, & Churyk, 2010). To gain

understanding of the phenomenon, as the researcher, I accepted that accounting has both rational and natural elements, bracketed the rational, leaving the qualitative aspects of the phenomenon in the foreground, to develop thematic meanings of the co-researcher's described experiences; "Because accounting is symbolic not literal, vague not precise, value loaded not value free, dealing with meanings not just things, it treats human beings as moral agents" (Boland & Pondy, 1983, p. 223).

Ontological Assumptions

Ontological assumptions, from objective to subjective, result in different approaches to accounting research. The study's ontological assumptions combine symbolic discourse and social construction views of reality. In symbolic discourse, social interaction and negotiation of meanings and norms structure social practices of individuals, while in social construction the social world is recreated by humans through every encounter, where reality is the result of individual sense-making (Morgan & Smirich, 1980). CPAs' perceptions for ethics education and its influence on ethical decision-making preparedness, which result from practices structured by social interaction and negotiation of meanings and norms, coupled with a recreation of the CPA social world through every encounter, develop into themes from CPAs' descriptions of lived experiences for normal behaviors and practices in CPA firms and the CPA society.

Taxonomy of Accounting Research

Hopper and Powell's (1995) objective-subjective continuum and the dimension that represented researchers' adopted stance toward society results in a four-way classification for accounting research. The subjective-objective continuum integrates nature of social sciences and nature of society, while it combines elements of Burrell and

Morgan’s (1979) social science dimension of ontology, epistemology, human nature, and methodology with approaches researchers draw toward society. The reported approaches accounting researchers expend range from concern with regulation and order explaining how societies are held together, to radical change for resolving conflicts and inequalities in society (Hopper & Powell, 1995).

This study of CPA perceptions for ethics education and its influence on ethical decision-making preparedness assumes an intermediate stance between the two extremes, within the subjectivism and regulation quadrant (see Figure 2.3), labeled interpretive. The study was concerned with understanding the world of the Virginia CPA within the nature of public accounting practices, to make sense of the character of a CPA’s daily work life.

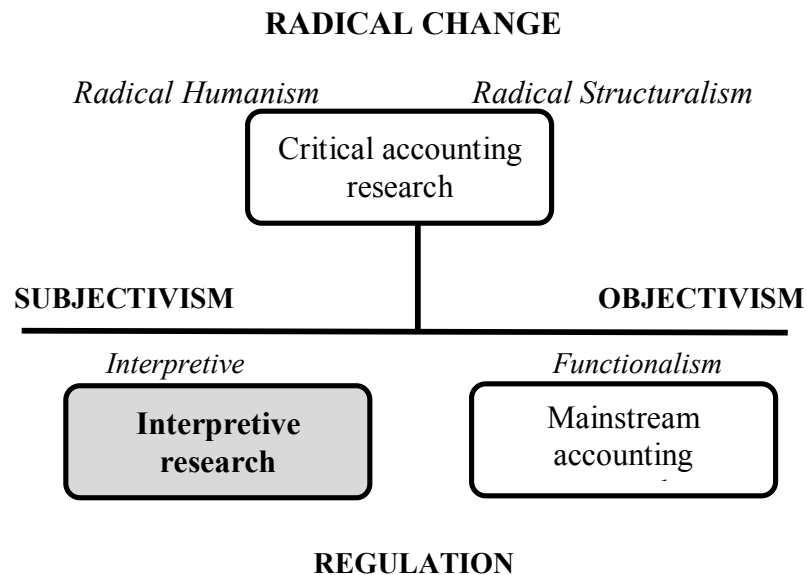


Figure 2.3. Subjectivism and regulation stance for accounting research. Adapted from “Making Sense of Research into Organizational and Social Aspects of Management Accounting: A Review of its Underlying Assumptions,” by T. Hopper and A. Powell, 1995, *Journal of Management Studies*, 22(5), 429-465.

The subjectivism-regulation quadrant includes assumptions identified for this phenomenological study of CPAs’ perceptions for ethics education and its influence on

ethical decision-making preparedness. Accounting theory strives to understand how social order is produced and reproduced, through accounting ethics education, work environments, and regulations, to explain actions of CPAs in identifying potential ethical dilemmas, alternative solutions, and reaching the action perceived as right versus acceptable (Weirich et al., 2010). CPA realities are socially created and objectified through education, certification, membership, and human interaction. Actions of CPAs are intentional with meanings grounded in social and historical contexts, where social order is assumed and conflicts are resolved through shared meanings and norms (Chua, 1986).

Financial Crisis

The 2008 U.S. financial crisis, as reported by the Financial Crisis Inquiry Commission (2011), forced the United States to choose between the collapse of the U.S. financial system and economy, or allocate trillions of taxpayer dollars to rescue major corporations, while millions of Americans lost jobs, savings, and homes. The Financial Crisis Inquiry Commission (2011) interviewed 700 witnesses, held 19 days of public hearings, and examined millions of pages of documents, many not previously available to the public, and reported the following contributing factors to the 2008 U.S. crisis: (a) widespread breakdowns in regulation, including the Federal Reserve's failures to slow toxic mortgages; (b) breakdowns in corporate governance included too many firms which acted recklessly and assumed too much risk; (c) a combination of excessive borrowing and risk by households combined with Wall Street disregard for basic fundamentals of accounting and financial reporting; (d) policy makers with a lack of investment and ethical decision-making preparedness to provide the financial oversight they were tasked with; and (e) systematic disregard of ethics and accountability in decision-making at all

levels. The report from the Financial Crisis Inquiry Commission (2011) to the President and Congress concluded the financial crisis was avoidable, and a direct result of actions, inactions, and misjudgments, where warnings were ignored; “The greatest tragedy would be to accept the refrain that no one could have seen this coming and thus nothing could have been done. If we accept this notion it will happen again” (p. xvii).

CPAs operated with conflict of interests, when they practiced as both independent auditor and expert business advisor to the same client (Brewster, 2003). Accountants, auditors, and corporate managers did not apply informed and ethical decision-making when they created and used financial statements for investment and lending decisions (Ashe & Nealy, 2010; Young, 2009). Large U.S. financial institutions ignored accurate accounting fundamentals and dismissed subsequent risks of non-income verification home loans (Financial Crisis Inquiry Commission, 2011; Kay, 2008; Minamihashi, 2011).

Accounting Influence

The Ashe and Nealy (2010) study reported numerous accounting scandals triggered corporate bankruptcies, generated colossal financial losses for investors, and contributed to the 2008 U.S. financial crisis; a direct and indirect result of unethical decision-making and behaviors which misrepresented financial conditions and provided misleading financial information to end users. Ashe and Nealy (2010) noted examples of scandals which implicated accounting unethical behavior and decision-making, to include: (a) Bank of Credit and Commerce International (BCCI), a bank with 30,000 employees in 78 countries which failed and closed with \$13 billion unaccounted funds; (b) Adelphia Communications Corporation, fifth largest cable company in the United

States, bankrupt in 2002, convicted of fraud and conspiracy in excess of \$100 million while hiding in excess of \$2 billion in debt and misleading investors; (c) Enron Corporation, a worldwide leader in utilities, paper, and communications, with 22,000 employees, bankrupt in 2001, accumulated more than \$1 billion through fraudulent accounting practices of inflating revenues while hiding debts; (d) WorldCom, the United States' second largest long distance telephone service provider, bankrupt in 2002, when accounting scandal was exposed, for \$3.8 billion in underreported expenses and overstated capital expenses; (e) Tyco International, a global manufacturing company with 118,000 employees, \$600 million embezzled in 2002; (f) Waste Management Inc., with 50,000 employees, \$1.7 billion inflated earnings through increased depreciation times for property and equipment in 2002; and (g) AIG, a major American Insurance Corporation, with 116,000 employees, inflated financial position by \$2.7 billion in 2005.

Greenwalt (2001) reported accounting ethics as central to CPAs, individuals, and entities which rely on their services, in an era where CPAs must be groomed and coached on ethical decision-making preparedness prior to managing financial results and reporting. According to Ashe and Nealy (2010), "no other single issue is of greater concern to accountants in industry and public accounting than ethics" (p. 4). Also suggested by Ashe and Nealy (2010), a civilized society is built on a foundation of ethical decision-making and behavior, where ethics should support all accounting functions and actions; however, accounting fraud and scandals resulted in a public, investor, and corporate loss of trust in CPAs. Studies suggested the public lost confidence and trust in the integrity of financial statements and CPA ethical decision-making, with a redesign of accounting ethical policies, procedures, and guidelines potentially necessary to prepare

and communicate financial results through financial statements (Magilke, Mayhew, & Pike, 2009; Uysal, 2010; Young, 2009).

Ethics

The cognitive perspective of ethical decision-making, where development of cognitive reasoning foundations precipitate moral choices and decisions, purports cognitive moral development evolves in sophistication and complexity as additional cognitive moral structures are acquired (Fleming et al., 2009). Ethical judgment is scrutinized by business, media, government regulators, and investors due to corporate scandals, and commands a critical analysis of the extent ethics education which business and accounting students receive within their college degree programs influence ethical decision-making preparedness (Fleming et al., 2009).

Business Ethics

Ethics are difficult to define and differ among people, societies, and institutions. Business ethics are rules of conduct for interaction, with respect to right or wrong actions, and good or bad motives, in business activities (Williams, 2011). According to Williams (2011), business schools face challenges and criticism for failing to encourage ethical conduct and ethical decision-making preparedness of graduates, when nearly 90 percent of Fortune 100's CEOs have a minimum of one business degree.

Recent research suggests a shift in ethical decision-making behaviors linked to visible convictions of Enron executives. Bolt-Lee and Moody (2010) reported complexity in measuring and analyzing ethical behaviors in real-life circumstances due to ambiguous definitions of ethics, where research is theoretical, involves ethics models, and relies on researcher judgment. In the study, through 1,000 questionnaires with a 40% response rate ($N = 400$), the results suggested a shift in ethical rationale to rule utilitarian

and rights rationale from act and rule utilitarian that resulted from the Enron convictions (Bolt-Lee & Moody, 2010). As described by Bolt-Lee and Moody (2010), act and rule utilitarian ethical rationale is where an individual's decision-making is acceptable when it leads to the greatest good, while ignoring justice and spirit of the law; on the other hand, rule utilitarian and rights rationale is decision-making according to law, with actions in the best interest of the business and society. The shift in ethical rationale signals managers adhere to laws more closely due to social and political changes, versus a shift in moral and ethical decision-making (Bolt-Lee & Moody, 2010).

Waddock (2005) concluded: (a) business schools should increase attention and focus on meaning and consequences, with corporate responsibility at the center of business and accounting education; (b) analysis courses must address consequences of individual and group actions; (c) accountants must be equipped to question the systems and view situations from perspectives of society and stakeholders; (d) professionals must undertake responsibility for welfare of others; (e) accounting industry must understand evolution of social financial reporting, and how actions of client companies impact communities; and (f) ethics and accuracy are integral to accounting, not only when dilemmas are identified or recognized. Temptation and greed will always exist according to Waddock (2005); however, ethical implications of diligence and oversight cannot be underestimated, and it is the obligation of business and accounting professionals to initiate and sustain ethical standards in decision-making.

Accounting Ethics

Ethics, as a component of Kohlberg's (1984) moral reasoning, is a cognitive structure applied to identify and resolve ethical dilemmas in the context of CPAs' ethical

decision-making preparedness. Research suggested accounting, defined as record-keeping and financial reporting, has historical importance, and along with agriculture accounting is seminal to human development of an organized society (Brewster, 2003). In addition, published studies reported ethics education received by accounting students contributed to subsequent poor ethical choices (Fleming et al., 2009).

Jones, Massey, and Thorne's (2003) broad-based, random survey study of Canadian and U.S. auditors ($N = 363$), reports Rest's (1979, 1994) Model of Ethical Action as consistently used for CPAs' ethical decision-making, with its four components, (a) ethical dilemma identification, (b) ethical judgment, (c) the intention to act ethically, and (d) resulting ethical action or behavior. According to Thorne (2000), moral reasoning and ethical decision-making preparedness are the cognitive moral structures CPAs employ to resolve ethical dilemmas, and is comprised of prescriptive and deliberative reasoning; through prescriptive reasoning CPAs consider an ideal resolution, while intention to exercise professional judgment is CPA deliberative reasoning (Rest & Navarez, 1994).

Accounting Industry

As a result of the Securities Act of 1933 and the Securities Exchange Act of 1934, CPAs in public accounting firms are exclusively employed as auditors tasked with and trusted to examine the financial statements of public companies and verify adherence to Generally Accepted Accounting Principles (Brewster, 2003). Until 1950, CPAs collectively suggested accounting principles, few reporting rules existed, and financial statements were not prepared to be easily understood; alternative accounting principles and methods were regularly used, without explanations for or impact on financial statements disclosed (Brewster, 2003).

From 1950 to 1980, Arthur Anderson guided the accounting industry in developing and providing new nonaudit services to client companies through pre-established audit relationships, and resulted in the largest accounting firms being both auditors and business consultants for client companies. In the 1980s, as reported by Brewster (2003), accounting firms downplayed traditional auditing services, the CPA auditor's function became less valued, client companies requested extensive business advice, consulting revenues skyrocketed for accounting firms, and CPAs began the fall from trusted public protectors to corporate America's advocates.

Public company filed proxies (2003) report in excess of 70% of accounting firm revenues stemmed from consulting by June 2001; a surprise to the Securities Exchange Commission who mandated one year earlier that accounting firms report revenue breakdowns. The CPA reputation as a trusted and ethical auditor in public perception reached an all-time low in 2003, with Waste Management, Cendant, Rite Aid, Adelphia, Xerox, Tyco, Enron and WorldCom financial recording frauds, steering the Sarbanes-Oxley bill and a new oversight board to regulate accounting (Brewster, 2003).

Regulation

Accounting is a complex environment, with various organizations which impact accounting rules, standards, regulation, and recommended practices (Weirich et al., 2010). In addition, new standards are often issued, while existing ones are updated or deleted, and compel CPAs to acquire and use the most recent authoritative pronouncements for technical and ethical decision-making. With the extensive guiding standards and pronouncements, and necessity to solve accounting and ethical dilemmas effectively and efficiently, CPAs must possess ethical decision-making preparedness to

recognize accounting ethical dilemmas, understand what standards to apply, and when to apply the standards (Weirich et al., 2010).

Standard-Setting

Standard-setting for accounting includes procedures by the private sector, Financial Accounting Standards Board (FASB), the public sector for state and local government accounting, Governmental Accounting Standards Board (GASB), the sector for international accounting, International Accounting Standards Board (American Institute of Certified Public Accountants website, 2012). Other standard-setting agencies include the Securities Exchange Commission (SEC), Internal Revenue Service (IRS), and the Cost Accounting Standards Board (CASB). As reported by Weirich et al. (2010), many professional organizations shape accounting standard-setting to include American Institute of Certified Public Accountants (AICPA), American Accounting Association (AAA), Association of Government Accountants (AGA), Association for Investment Management and Research (AIMR), Institute of Internal Auditors (IIA), Institute of Management Accountants (IMA), National Association of State Auditors, Controllers, and Treasurers (NASACT), Risk Management Association (RMA), and the Securities Industry Association (SIA).

Generally Accepted Accounting Principles (GAAP). Generally Accepted Accounting Principles (GAAP) comprise the rules, conventions, and procedures which define accepted practices for accounting, and denote two points: (a) GAAP is a fluid set of principles versus concrete rules, based on current accounting thought and practice, changing in response to business environment developments; not a static, concrete set of accounting rules; and (b) GAAP is not a set of mutually exclusive principles, with

alternatives for similar transactions, where CPAs must not ground decision-making on the first principle uncovered (American Institute of Certified Public Accountants, 2012).

The major functions of GAAP are to offer principles on measurement and disclosures.

AICPA's (2012) measurement principles require expenses for a given period match revenues from the same period to objectively measure periodic income and value financial statement accounts. Disclosure principles, according to the AICPA (2012), provide necessary information for financial statement users' decision-making models, but do not require the disclosure of macroeconomic factors to include unemployment and interest rates of concern to bankers and other internal and external users of financial statements. When financial statements are prepared and presented in a manner which departs from conformity with GAAP, CPAs shall not express a favorable opinion, but must evaluate the case to determine if accounting practices violate established GAAP (Weirich et al., 2010). If continued following of the normal procedures would cause misleading financial reporting, management is required to disclose the departures from authoritative guidelines and justify the alternative principles used.

Generally Accepted Accounting Principles (GAAP) established by the Financial Accounting Standards Board (FASB) consider three objectives of financial reporting: (a) be useful to investors, creditors, and other users for decision-making, understandable to those with reasonable knowledge of business and economic activities; (b) provide assistance to investors, creditors, and other users in assessing amounts, timing and uncertainty of prospective cash receipts, interest, sale proceeds, redemptions, and securities maturities related to the entity; and (c) be informative about the business

entity's resources, obligations, and effects of transactions, events, and circumstances which change the resources and or claims to the resources (Weirich et al., 2010).

Governing bodies. The Financial Accounting Standards Board (FASB) established a two-level hierarchy for components of United States GAAP; authoritative and nonauthoritative. Authoritative guidance provided by the FASB (2012) is assumptions and principles which underlie financial reporting, to include the going-concern assumption, substance over form, neutrality, accrual basis, conservatism, materiality, objectivity, consistency, and full disclosure. Nonauthoritative guidance provided by the FASB (2012) includes accounting literature not required to be based on accounting principles; notable accounting industry practices and other literature not adopted by the FASB.

The Professional Ethics Executive Committee (PEEC) was created by the American Institute of Certified Public Accountants (2012) out of increased focus to develop methods for monitoring CPA ethical behavior. The PEEC interprets and enforces the AICPA's Code of Professional Conduct, discusses standard-setting activities, performs case investigations, and additional unspecified enforcement measures (American Institute of Certified Public Accountants website, 2012).

The Public Company Accounting Oversight Board (2011), a private sector, non-profit agency, was legislated and established as a step to restore public confidence in CPAs. Established by Congress, the Public Company Accounting Oversight Board (PCAOB) protects investors and public interest in preparation and presentation of financial statements through oversight of public company audits (Public Company Accounting Oversight Board website, 2012). Responsibilities relegated to the Public

Company Accounting Oversight Board (2012) include: (a) registration and reporting of public companies; (b) auditing, ethics and independence, quality control, attestation, guidance, and current activities standards; (c) inspections of public accounting firms, accounting firm reports, and accounting firms who failed to address quality control inquiries; and (d) enforcement of rules and disciplinary orders. Reported on November 18, 2011 by Cohn (2011), a bipartisan bill named PCAOB Enforcement Transparency Act of 2011, was introduced by Senators Jack Reed, D-RI, and Chuck Grassley, R-Iowa, to change the provision in the Sarbanes-Oxley Act which requires the PCAOB keep disciplinary proceedings against CPA auditing firms confidential. The proposed bill argued confidential disciplinary processes allow accounting firms and auditors to delay the proceedings for years, consume unnecessary staff and judicial time, while the public is unaware of potential dilemmas with accounting and auditing firms, and corporations they audited; “secrecy has a variety of unfortunate consequences and this state of affairs is not good for investors, for the CPA auditing profession, or for the public at large” (Cohn, 2011, p. 1).

AICPA’s Code of Professional Conduct. The Code of Professional Conduct of the American Institute of Certified Public Accountants (2012) was adopted by the membership, and affords rules and guidance for performance to all members of the AICPA, in public practice, industry, government, and education. Sections of the AICPA Code of Professional Conduct are: (a) principles to provide a framework for the rules; (b) rules which govern performance of CPA professional services; and (c) bylaws which require adherence to rules (AICPA, 2012). Compliance with AICPA Code of Professional Conduct (2012) is reliant on CPA members’ understanding and voluntary

behaviors, reinforcement of peers and public opinion, and disciplinary proceedings versus CPA members who do not voluntarily comply with the rules. Ethics rulings under the AICPA Code of Professional Conduct (2012) are formulated by the professional ethics division executive committee, after exposure to CPA state societies, state boards of accountancy, CPA practice units, and added interested entities.

CPA membership in the AICPA (2012) is voluntary; however, when CPAs acknowledge membership they assume an obligation of self-discipline and compliance to the Code of Professional Conduct principles. The AICPA Code of Professional Conduct (2012) principles demand unwavering commitment to ethical and honorable behavior and decision-making at the sacrifice of personal advantage. The AICPA (2012) Code of Professional Conduct involves the ensuing themes: (a) principles of professional conduct; (b) rules, applicability, and definitions; (c) independence, integrity, and objectivity; (d) general standards of accounting principles; (e) responsibilities to clients; (f) responsibilities to colleagues; and (g) other responsibilities and practices (see Table 2.1).

Designations and requirements. CPAs and CPA auditors prepare, analyze, and communicate financial information for companies, individual clients, Federal, State, and local governments, to ensure efficient operations, accurate financial records, and accurate tax preparation (*Occupational Outlook Handbook*, 2011); accountants who file reports with the Securities Exchange Commission (SEC) are required by law to be Certified Public Accountants (CPAs). The AICPA (2012), consistent with increased ethical reviews, implemented the new requirement for licensure; CPAs must complete 150 semester hours of accounting education at an accredited educational institution. The *Occupational Outlook Handbook* (2011) reports 46 states and District of Columbia

require CPA candidates to complete the new 150 semester hours for CPA certification, with California, Colorado, New Hampshire, and Vermont the only states that have not yet implemented the new requirements.

Table 2.1

AICPA Code of Professional Conduct

Category	Explanation
Principles of Professional Conduct	Responsibilities; public interest; integrity; objectivity & independence; due care; and scope & nature of services
Rules: Applicability & Definitions	Bylaws require members to adhere to rules; apply to all professional services performed; members may be responsible for acts of those associated with him; members may have impaired independence from actions of & relationships with others; and definitions include attest engagement, engagement team, client, close relative, confidential client information, council, covered member, enterprise, financial institution, financial statements, firm, holding out, immediate family.
Independence, Integrity, & Objectivity	Conceptual framework for AICPA independence standards; interpretations on integrity & objectivity; ethics rulings on independence, integrity, & objectivity
General Standards Accounting Principles	Competence; accounting principles; and ethics rulings on general & technical standards
Responsibilities to Clients	Confidential client information; contingent fees; and ethics rulings on responsibilities to clients
Responsibilities to	Reserved

Table 2.1

AICPA Code of Professional Conduct

Category	Explanation
Colleagues	
Other Responsibilities & Practices	Acts discreditable; advertising & other forms of advertising; commissions & referral fees; form of organization & name; and ethics rulings on other responsibilities & practices

Note. Adapted from “AICPA Code of Professional Conduct”, American Institute of Certified Public Accountants website, 2012, retrieved from <http://www.aicpa.org>; AICPA principles and rules of professional conduct, with corresponding explanations.

All states use the rigorous four-part Uniform CPA Examination, and less than 50% of candidates pass on the first attempt, while all four parts must be passed within the same 18-month period; (a) financial; (b) audit; (c) business; and (d) regulation, with a required score of 75 to pass each section. The AICPA (2012) released the Uniform CPA Exam Pass Rates through third quarter 2011, (see Table 2.2), and report a less than 50% pass rate on each individual section and cumulatively.

Table 2.2

2010 Uniform CPA Examination Pass Rates by Section

Section*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Auditing	43.88	47.95	47.06	46.57
Business	42.32	46.48	52.06	47.85
Financial	42.43	44.27	49.52	46.20
Regulation	41.28	45.01	45.37	44.16

Note. The pass rate for each section of the CPA Exam by quarter for 2010, adapted from “CPA Exam Pass Rates”, American Institute of Certified Public Accountants website, 2011, retrieved from <http://www.aicpa.org>.

* The CPA Exam is taken in four individual sections, scheduled and graded individually; all four sections must be passed with an 18-month period to obtain CPA certification and licensure.

The ethics component of the CPA Exam is included with professional and legal responsibilities, as 17% of the regulation section of the CPA Exam (see Figure 2.4).

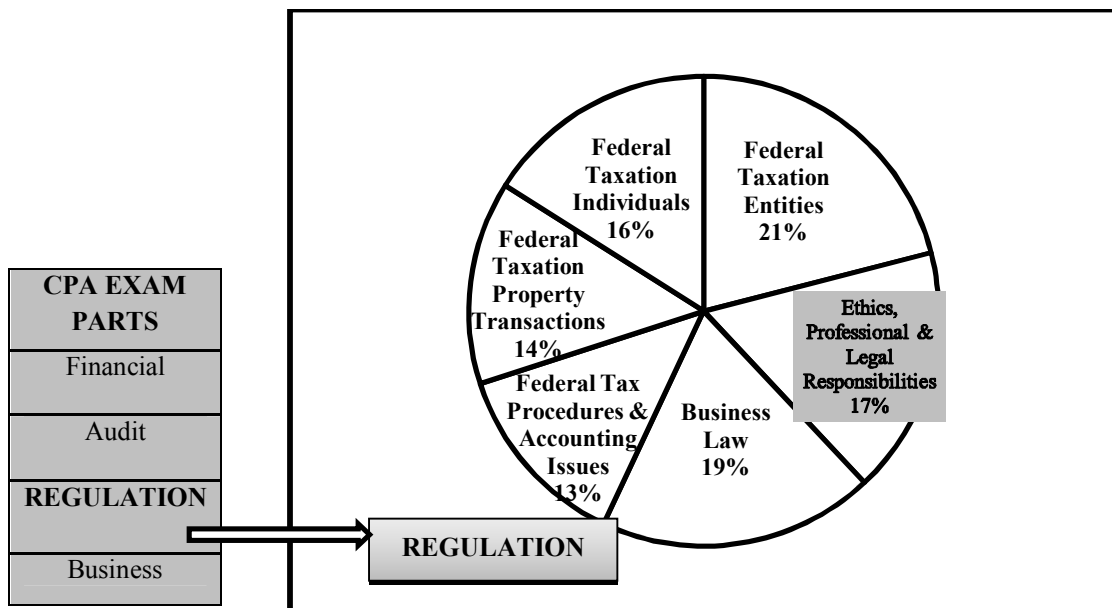


Figure 2.4. CPA licensing exam sections, highlighting the ethics component weighting, adapted from “This Way to CPA” website, 2011, retrieved from <http://www.thiswaytopca.com/exam-licensure>.

As a result, ethics accounts for less than four percent of the Uniform CPA Examination, a result which potentially indicates low priority as a requirement for licensed CPAs.

AICPA (2012) requires CPA candidates to successfully complete the CPA Examination, with a four-year (120 semester credit hours) degree in finance or accounting, plus an additional 30 hours prerequisite for exam eligibility.

Accounting Education

The results of a between-subjects experimental research study on accounting students’ moral reasoning ($N = 300$), published by Fleming et al. (2009), suggested accounting students do not transfer ethical knowledge across accounting contexts, thereby informing accounting educators’ and CPAs’ traditional methods for emphasizing ethics in accounting curricula are not adequate to develop ethical decision-making

preparedness. Furthermore, the study indicated public accounting employs 30% of new accounting graduates, who subsequently leave public accounting within three years. The combined results of the Fleming et al. (2009) study indicated accounting students' ethical decision-making preparedness was not aligned with public accounting's demands for CPAs. According to the Pathways Commission, the U.S. Department of the Treasury Advisory Committee on the CPA Auditing Profession, accounting education must address accounting technical knowledge, application of knowledge skills, integrity, responsibility, and commitment, from a curriculum perspective (Doran, 2011).

Curriculum

Madison and Schmidt's (2006) qualitative study surveyed school of accountancy program chairs ($N = 122$), and the results indicated ethics education is integrated within required accounting-specific courses for accounting majors, versus specific standalone courses on ethical decision-making preparedness in the United States. Blanthorne et al.'s (2007) survey of United States accounting faculty ($N = 130$), reported 82% of participants indicated ethics instruction as incorporated within some accounting-specific courses, with lecture the most common method of instruction at 78%, followed by case analyses at 71%, and questions from accounting textbooks at 58%.

Colby and Sullivan (2008) reported five characteristics essential to CPA practitioners' commitment and ethical decision-making preparedness acquired through hands on educational activities and apprenticeships: (a) sense of meaning and satisfaction grounded in the profession's public purpose; (b) professional identity grounded in the field's mission and standards; (c) complex situations and dilemmas framed in moral terms within the field's purposes and standards; (d) behaviors and actions with clients,

subordinates, authorities, and peers aligned with profession's standards and ideals; and (e) capacity and intent to contribute to ethical quality of profession, with a sense of moral agency and courage to construct ethical structures or practices. Wilkerson (2010) reported the past decade as a difficult period for accounting, and provided opportunities for educators, as trustees for the integrity of the profession, to enhance and sustain the profession through practice-related scholarship and teaching. Accounting education should be formative and include technical knowledge, practice skills, normative purpose, and professional identity (Wilkerson, 2010).

Cognitive research signals reasoning occurs when external information combines with internal knowledge structures recalled from long-term memory, from rules acquired through formal instruction and accumulated experiences (Holland, Holyoak, Nisbett, & Thagard, 1986). However, Hurt (2006) suggested predominate methods of ethics education were inadequate to develop accounting majors' ethical decision-making preparedness required of CPAs, by the complex profession of public accounting. Studies suggested accounting programs and educators must devise new approaches to improve ethical decision-making preparedness, to focus on development of ethical thinking, thereby allowing students to consider ethical environments where today's global business occurs and ethical implications of decision-making (Fleming et al., 2009).

Ethics and Moral Reasoning Components

A gap exists in current literature for what takes place in public accounting, from perceptions of CPAs, for the influence of accounting ethical education's requirements on CPAs' ethical decision-making preparedness. Ethics and moral reasoning components of accounting curricula should be designed to foster development of reasoning, judgment,

and ethical decision-making (Cheffers & Pakaluk, 2007). The International Federation of Accountants (2006) supported the primary goal of CPAs' accounting ethics education as ethical decision-making preparedness; establish a foundation to identify and understand ethical positions, develop ethical sensitivity, develop ethical skills and competence, and determine appropriate ethical behavior and action. Cheffers and Pakaluk (2007) identified approaches to accounting ethics education as discreet and pervasive; accounting ethical issues are addressed via separate courses within the discreet method, integrated into several accounting technical courses within the pervasive method, or as a combination of both methods.

There is worldwide consensus within the accounting industry and among accounting students that the role of accounting educators is further develop ethical values provided by family, religious, and social environments, in a manner where they evolve into second nature for CPA practitioners (International Federation of Accountants, 2006). While studies suggested ethics education is vital, necessary, and insufficient, at the time of this study, lack of agreement for program and curriculum design, means and methods of delivery, and integrated versus pervasive approaches had resulted in little change, and leaves CPAs looking to industry and professional bodies, including the International Federation of Accountants (2006), on structure, guidance, and an appropriate framework for accounting ethics education and ethical decision-making preparedness.

The AICPA (2010) suggested ethics components in the accounting curriculum to include ethical philosophy, ethical coursework in the accounting curriculum, and a capstone ethics and professionalism course to improve CPA ethical decision-making preparedness. Although the study was not intended to evaluate efficacy of ethical

training for current accounting programs, the AICPA's increased focus on ethical accounting environments provided a rationale to institutions of higher education for potential modification of accounting program curriculum, and necessity for accounting graduates to understand the importance of ethical decision-making preparedness.

Experiential Learning Theory (ELT) vs. Traditional Lecture-Based Learning

Kolb's (1984) experiential learning theory and learning style inventory (LSI) is used in accounting education research, because the (LSI) survey instrument is brief, straightforward, and useful to provide feedback on learning processes of accounting students. Accounting studies reported positive results for applying active experiential learning in accounting lessons, and student-reported benefits included life-long skills of teamwork, confidence, and self-learning (Healy & McCutcheon, 2008). In addition, ELT in accounting education reported outcomes of higher student interest, increased understanding, increased retention, improved communication, interpersonal and problem solving skills, analytical and critical thinking skills. Although accounting students may prefer one stage of the learning style over another, in Kolb's (1984) four-stage circular learning process, the student must experience the full cycle for effective learning; experiencing, reflecting, thinking, and acting.

Ethical decisions are the responsibility of and made by the CPA, however, accounting ethics education was reported as not sufficient to assist accounting graduates with ethical decision-making preparedness for ethically-informed choices within the complex CPA public practice (Ashe & Nealy, 2010; Cheffers & Pakaluk, 2007; Emerson et al., 2007). Effective accounting ethics education must incorporate theory with real-

world application, and translate learned concepts into ethical action (King, 2010; Lewis, Massey, & Harris, 2007; McCarthy, 2010; NG et al., 2009; Weil et al., 2004).

A recent IFAC study (2006) reported the two most unsuitable teaching methods for accounting ethics education as mechanical, multiple choice or objective activities, and completion of competency checklist activities. However, the same study suggested the following learning activities, consistent with experiential learning theory, as most suitable; video and case study, hands-on activities, written analysis, and formal presentations by accounting students. According to the IFAC (2011), ethics is a combination of many variables to include balancing knowledge, rules, perception, and verifiable or circumstantial information, and requires education to compliment theory and technical skills with practical application relevant with issues CPAs encounter in professional practice. Advocates of experiential accounting education suggested case studies as most effective for developing CPA ethical awareness and decision-making preparedness (King, 2010; Lewis et al., 2007; McCarthy, 2010; NG et al., 2009; Weil et al., 2004).

Ethics Education Continuum (EEC)

The International Federation of Accountants (2006) sponsored a major worldwide study to develop a recommended framework for accounting ethical education components, and suggested the following about current accounting ethics education programs; current programs were insignificant, less than 10% incorporated ethics components, lacked fundamental components necessary for developing intellectual foundations of ethical decision-making, lacked qualified enthusiastic accounting ethics educators, and insufficient resources and support allocated to teaching accounting ethics.

The IFAC study (2006) reported worldwide agreement on major aspects of accounting ethics education to develop professional values, ethics, and attitudes: (a) individuals' ethical standards can be changed subject to educational intervention, (b) religious and cultural issues are invalid reasons for not teaching accounting ethics, (c) accounting ethics education should be included as a compulsory part of accounting curricula, (d) effective accounting ethics education prepares CPAs to think critically in ethical decision-making, (e) accounting ethics education should include dedicated components and additional components integrated within all other courses, (f) accounting ethics education should be required for development of ethical decision-making preparedness and translated into business world applications, and (g) ethical decision-making skills, threats, and safeguards should be compulsory within accounting education programs.

The IFAC study (2006) concluded ethical decision-making is a choice between alternatives which represent benefits and harm, has implications with uncertain probability of occurrence, and results in accounting ethics education which should follow a continuous and iterative, versus discrete linear four-stage continuum: (a) knowledge, (b) perceptiveness, (c) judgment, and (d) ongoing professional growth (International Federation of Accountants, 2006). However, the debate was ongoing for who should teach accounting ethics, how should accounting ethics be taught, training the accounting ethics educators, and academia versus practitioner attitudes for teaching accounting ethics for CPAs to gain ethical decision-making preparedness.

Demand for Accounting Graduates

According to the *Occupational Outlook Handbook* (2011), between 2008 and 2018 employment of accountants and auditors is predicted to grow by 22% (see Table

2.3), with over 279,400 new jobs, and exceed the average growth rate for all occupations. Changing financial laws, corporate governance regulations, and increased accountability to protect the interests of stakeholders and the public will drive the growth. Economic recovery and growth, business globalization, volume and complexity of financial information, international mergers and acquisitions, and movement to International Financial Reporting Standards (IFRS) will increase demands for accountants and auditors with specialized expertise (AICPA, 2012). The Bureau of Labor Statistics (2011) predicted increased need for CPAs from a new focus and emphasis on accountability, transparency, financial controls, and scrutiny of company accounting procedures to audit financial records completely and regularly. In addition to job growth, new CPAs are needed to replace those who retire or leave the accounting field.

Table 2.3

Occupational Outlook for Accounting

Organizational Title	SOC Code*	Employment 2008	Projected Employment 2018	Change 2008-18	
				Number	Percent
Accountants and Auditors**	13-2011	1,290,600	1,570,000	279,400	22%

Note. The projected increase in employment opportunities for accountants and auditors from 2008 to 2018, adapted from *Occupational Outlook Handbook*, Bureau of Labor Statistics, 2011, Washington, DC.

* Standard occupational classification of workers into categories for collecting, calculating, and disseminating data.

** Accountants and auditors include accountants not CPAs, while all auditors are required to be CPAs.

CPAs must have aptitudes for mathematics, analysis, comparison, interpretation, verbal and written communication, business systems, technology, computing, but above all else must have high standards of integrity and ethical decision-making (*Occupational*

Outlook Handbook, 2011). Early career CPAs are expected to possess strong accounting technical skills and professional standards of accounting ethical decision-making and judgment, but not taught the skills with a real-world application approach (AICPA, 2010). Complexity of global and business needs is increasing demand for accounting graduates and straining the supply, with institutions of higher education restricted, due to budget cuts and limited accounting faculty, in ability to educate the numbers of graduates demanded (Vasarhelyi et al., 2010).

Educator Perceptions of Ethics Education

The ethics requirement for CPAs in the United States supports the need for an ethics education to transform accounting and ethical concepts into ethical decision-making preparedness in an increasingly complex and ambiguous accounting profession (Fleming et al., 2009). Accounting academia and accounting practitioners supported the importance of increasing and improving ethics education in accounting, with the inclusion of ethics in the curricula and integrating ethics components within accounting-specific courses (Fleming et al., 2009).

Blanthorne, Welsh, and Fisher's (2007) study surveyed accounting faculty ($N = 130$) in the United States, and reported that 95% supported the need for ethics training in accounting curricula, while 75% advocated for integrating ethics within accounting-specific course work. Misiewicz (2007) compiled the ethics requirements of the United States' Boards of Accountancy for CPA Exam eligibility, and reported 32 states had only minimal ethics education requirements, 39 states required CPA candidates to pass an ethical component on the CPA Exam, and 24 states required continuing professional education in ethics to maintain the CPA license. However, Hurtt and Thomas (2008)

reported only four states, Maryland, Nebraska, New York, and Texas required a minimum of one approved three-semester-hour college ethics course as a prerequisite for CPA licensure. As a result, the collective ethics requirements for CPAs and corporate accountants support the need for an ethics education component in the accounting degree programs to transform accounting theories into ethical decision-making preparedness for application in the accounting professional practice.

Practitioner (CPA) Perceptions of Ethics Education

There is a scarcity of recent literature on CPAs' perceptions for accounting ethics education's influence on CPA's ethical decision-making preparedness (McPhail, 2006; Uysal, 2010). The majority of published studies focused on effects of poor technical accounting and management skills, but lack detailed investigation of what takes place in the public accounting setting, for ethical decision-making as a result of ethics education, from the perspectives of Certified Public Accountants (McPhail, 2006).

According to Doran (2011), CPA practitioners were not invited to or included in the creation or governance of accounting education programs, often viewed as adjunct to the process; creating a unique opportunity to rethink accounting ethics education. However, a qualitative survey study ($N = 335$) by Albrecht and Sack (2000) summarized a negative assessment by CPA practitioners of accounting education as: (a) numbers of accounting majors decreasing, (b) the accounting education model as obsolete, and (c) accounting graduates' dissatisfaction with their major. At time of study, debate centered on technical accounting knowledge, business acumen, real-world application skills, and decision-making preparedness, versus traditional textbook knowledge (Doran, 2011).

Attention is refocusing on ethical standards and behaviors of CPAs, as a result of recent ethical scandals which involve CPA practitioners (Emerson et al., 2007). The between-subjects experimental research study on accounting students' moral reasoning ($N = 300$) by Emerson et al. (2007), surveyed CPAs and multidisciplinary university students to ascertain whether CPA practitioners and students differ in ethical attitudes toward ethically charged vignettes. The study concluded CPA practitioners were significantly more accepting of ethical dilemmas where a potential exists for physical harm, while less accepting of scenarios potentially in violation of laws, compared to student participants (Emerson et al., 2007).

Conclusion

The identification and resolution of ethical dilemmas is paramount to CPA professional judgment and decision-making, while incomplete, inconsistent, and ambiguous accounting standards and regulations require CPAs to apply judgment in issues with no single, ethically correct solution (Thorne, 2001). Previous research is inadequate on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Literature authenticated Kolb's (2005) experiential learning theory (ELT) in accounting education, and underscored Kohlberg's (1984) cognitive moral development theory and its application in CPA ethical decision-making preparedness. In addition, literature supported that accountants' lack of ethical decision-making contributed to the 2008 U.S. financial crisis. Educators and practitioners concurred a need for effective ethics education in the accounting program; however, research is scarce on understanding accounting ethics education's influence on ethical decision-making preparedness from the perspectives of CPAs (Emerson et al., 2007).

This study aimed to fill shortfalls in literature. A dearth of research from CPAs' perspectives for influence of accounting ethics education on their ethical decision-making preparedness exists in the majority of published studies which focus on effects of poor accounting, management, and judgment (Emerson et al., 2007). Early career CPAs are expected to possess strong accounting technical skills and professional standards of accounting ethical decision-making and judgment, but were not taught the skills with a real-world application approach. Furthermore, the increasing demand for accounting graduates due to complexity of global and business needs is straining the supply, with institutions of higher education restricted in ability to effectively educate the numbers of graduates demanded due to budget cuts and limited accounting faculty (AICPA, 2012; Vasarhelyi et al., 2010).

The study is potentially significant to education, industry, and society. The study added to education, and identified deficits and inconsistencies in accounting program curricula for ethics components and CPA ethical decision-making preparedness. In addition, an increased understanding of effective learning styles and instructional methodologies add to the richness of designing accounting curricula and effective learning activities. Furthermore, identified deficits, increased understanding of effective learning styles, and best-practice instructional methodologies may improve future accounting programs, curricula design, and effective learning activities, to enhance CPA ethical decision-making preparedness. This study is potentially important to society as financial repercussions, including recessions and depressions, relate to ineffective or fraudulent accounting ethical decision-making, and affect a large population through unemployment, foreclosure, wealth loss, and financial insecurity (Young, 2009).

CHAPTER THREE: METHODOLOGY

The purpose of this phenomenological study was not to evaluate efficacy of ethical training from current accounting programs, but to understand the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Extending existing knowledge on accounting ethics education application in real-world ethical decision-making fills a deficit in literature, and encourages accounting educators to proceed from a more informed perspective in design and facilitation of accounting education programs. The 2008 U.S. banking and financial crisis was determined a result of inaccurate accounting and a lack of CPA ethical decision-making not controlled by independent regulatory systems as reported by the Financial Crisis Inquiry Commission (2011). According to Williams (2011), most stakeholders agreed ethics should be an integral part of an accounting curriculum; however ethics were not adequately covered in traditional accounting programs. Previous research is insufficient to investigate CPAs' perception for influence of ethics education on their levels of ethical decision-making preparedness (McPhail, 2006).

This chapter identified the study's research methodology, rationale for the research approach framed by qualitative research theory, and a description of the design implementation, grounded in qualitative, transcendental, phenomenological research methodology. The purpose of inquiry and guiding research questions, research sample, sampling procedures, setting, and co-researcher portraits are described. The research design, researcher's role, and biography defined methods of data collection, data analysis,

synthesis, methods for increasing trustworthiness in the findings, and ethical considerations.

Research Design

The purpose of this study was not intended to evaluate efficacy of ethical training for current accounting programs, but to understand the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness (Asthana et al., 2009; Emerson et al., 2007; Kay, 2008; Uysal, 2010; Young, 2009). University accounting program requirements, Uniform Certified Public Accountant Examination, and CPA licensing process for accountants to become CPAs in the United States are developed and maintained by the American Institute of Certified Public Accountants (AICPA), administered by the National Association of State Boards of Accountancy (NASBA), and implemented by the regulatory bodies of the individual states (AICPA, 2010). The requirements include no formal ethics education components for all but four states. However, a two-hour continuing education credit is required annually for CPAs (This Way to CPA, 2011).

Through a qualitative research design, an increased understanding was gained of unique perceptions and attitudes CPAs in Virginia public accounting firms have for the influence of accounting ethics education on their ethical decision-making preparedness. CPAs were encouraged to share and describe experiences of accounting education, certification, and licensing requirements, to include auditing and accounting standards, Uniform Commercial Code, and Internal Revenue Code universally adopted by all United States jurisdictions (American Institute of Certified Public Accountants, 2012). The

CPAs' voices were captured to understand how they feel and think, and a rich description and narrative was developed from their points of view through episodic interview.

Qualitative studies are grounded in constructivist philosophical positions, and focus on how experiences of a sociocultural world are perceived, interpreted, and understood, in a specific context and point in time (Moustakas, 1994). In social construction the social world is recreated by humans through every encounter, where reality is the result of individual sense-making (Morgan & Smirich, 1980). The qualitative approach, not limited by categories and measurements, examined the phenomenon by allowing the researcher to achieve a holistic understanding (Moustakas, 1994). The qualitative approach promoted a deeper understanding of CPAs' perceived and described informed ethical decision-making preparedness, and emphasized exploration, discovery, and descriptions from the CPAs' lived experiences, where the researcher gained increased understanding of realities from co-researchers' perspectives (Moustakas, 1994).

Assumptions and features which distinguish qualitative studies were well suited to this study. The purpose of qualitative research is to "gain an in-depth, holistic perspective of groups of people, environments, programs, events, or any phenomenon one wishes to study by interacting closely with the people it is studying" (Farber, 2006, p. 367). Quantitative methods, where statistics provide evidence of findings, were not likely to uncover the rich, descriptive data necessary to understand the phenomenon. The advantages of the qualitative versus quantitative approach to interpret perceptions of CPAs included understanding the natural process of how events and actions occur, develop a contextual understanding of the phenomenon through face-to-face methods,

interactivity of researcher and participant, researcher interpretive vantage point, and design flexibility (Farber, 2006).

To effectively capture the essence of CPAs' attitudes and perceptions, a transcendental phenomenological design was used. Phenomenology provided flexibility to dig deep for understanding and let the study unfold, to understand the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness (Ary, Jacobs, Razavieh, & Sorenson, 2006). Collected data from Virginia CPAs increased understanding for how the phenomenon, ethics education's connection to ethical decision-making preparedness, was viewed by the CPAs from the perspective of their individual lived experiences (Moustakas, 1994). According to Moustakas (1994), the primary source of knowledge is perception. Virginia CPAs were encouraged and invited to describe, define, and narrate lived experiences to identify the essence of perceived informed ethical decision-making preparedness, through patterns and relationships of meaning (Farber, 2006).

A transcendental phenomenological design (Moustakas, 1994) was used to explore the phenomenon as viewed by the CPA, as the phenomenon appeared in the CPA's consciousness, and focused on experiences and descriptions of the co-researchers. Participating Virginia CPAs were recognized as co-researchers, who were encouraged to participate equally with me in the study to seek knowledge and understanding for the influence of accounting ethics education on their ethical decision-making preparedness (Moustakas, 1994). While as the researcher I may share co-researchers lived experiences for influence of accounting ethics education requirements on ethical decision-making preparedness, I am obligated to separate my past knowledge and experience through

bracketing and epoche. Bracketing, with data and findings, was an ongoing process to develop a non-judgmental objectivity about co-researchers undertaken with care and rigor: (a) I identified and consciously set aside my assumptions, and (b) revisited the data collected within my evolving understanding in light of the phenomenon from co-researcher descriptions (Moustakas, 1994). Epoche provided a balance between my awareness of and experiences with past CPA ethical decision-making and the themes identified in the data collected from the co-researchers Gearing (2004). Suggested by Gearing (2004), my past experiences and units of meaning for the phenomenon were kept apart, in epoche, and reintegrated for synthesis in analysis of data collected (see Figure 3.1).

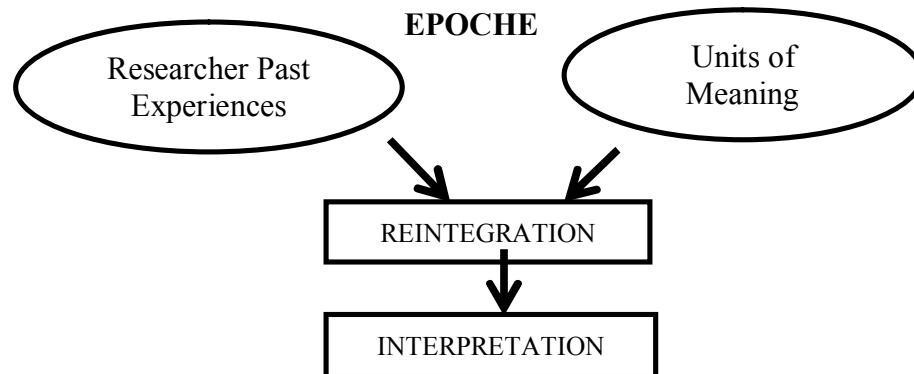


Figure 3.1. Epoche process, adapted from “Bracketing in research: A typology.” *Qualitative Health Research*, 14(10), pp. 1429-1452.

Researcher prejudice, presupposition, interference, and interaction were minimized or eliminated through peer review by a committee member with experience and credentials, and observing and listening openly, uninfluenced by personal experiences. According to Moustakas (1994), the challenge is accurate description, to understand meaning and essence in the light of intuition and self-reflection; meaning is created when objects appear in consciousness, and mingle with objects in nature.

Moustakas (1994) suggests what is in a person's consciousness is real, while what is seen by the world is learned.

The meaning of the phenomenon to the CPA is in the act of experiencing it. Acts are intentional experiences, and the combination of outward appearances and how they manifest inside the participant's mind, based on memory, image, and meaning (Moustakas, 1994). The Virginia CPAs' described perceptions were the primary source of knowledge, whereby intentions and sensations completed the full concrete act of perception and allowed a full-bodied presence. This phenomenological study committed to descriptions of experiences, not explanations, interpretations, or analysis (Moustakas, 1994).

Study Procedures

A detailed review of literature was conducted to understand contributions of previous research on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. After initial approval from Liberty University's Institutional Review Board (see Appendix E), potential Virginia CPAs were identified from the American Institute of Certified Public Accountants (AICPA) and Virginia Society of Certified Public Accountants (VSCPA) databases of CPAs, available to me as a member, without prior permission.

CPAs were invited to participate and provided, via United States Postal Service and email, an Informed Consent Form (see Appendix A), (Farber, 2006). After initial approval from the Institutional Review Board, Virginia CPAs with contact information listed on the AICPA and VSCPA site available to members were mailed and emailed the Informed Consent Form, which described the nature and purpose of the study; see Table

3.1. United States Postal Service (USPS), email, EchoSign, and the VSCPA internal Instant Messaging System were used to distribute the invitation to participate and Informed Consent Form. A total of 13,846 invitations (see Table 3.1) were made to potential Virginia CPAs for willing participation in the phenomenological study to explore perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. The invitations began in March 2012 and extended until October 2012, with zero Virginia CPAs willing to participate in the study.

Table 3.1

CPA Co-Researcher Recruitment

Method	# Invitations
USPA Mail	962
Email	547
EchoSign *	827
VSCPA Internal Messages **	11,500
TOTAL CONTACT ATTEMPTS	13,836

Note. The Informed Consent Form and invitation to participate, was delivered to 13, 836 potential CPA co-researchers, located from the AICPA/VSCPA database.

*EchoSign, a registered trademark of Adobe, is a 100% secure web-based, fully digital signature solution; uploaded the invitation and Informed Consent Form, inserted signature fields, created email contact list, and sent individually via secure email to potential CPA co-researchers with available email addresses. EchoSign is fully compliant with the E-SIGN Act of October 1, 2000 which made online electronic signatures equivalent to a written signature and pre-empts any state laws in existence prior to the E-SIGN Act of 2000 ("E-Signatures," 2012).

**Virginia Society of Certified Public Accountants (VSCPA) is the active community of more than 10,000 licensed CPAs practicing in Virginia, with a messaging benefit to active members; the invitation to participate and Informed Consent Form was messaged individually to the 11,500 members, and posted in the VSCPA Discussion Forum (Virginia Society of Certified Public Accountants website, 2012).

When sufficient Virginia CPAs were not willing to participate, the Institutional Review Board approved a change in protocol from criterion to convenience sampling (see

Appendix F). Through convenience sampling, with assistance and endorsement from AICPA and VSCPA executives, and snowball sampling to obtain referrals from willing co-researchers, 12 willing Virginia CPAs participated in the study. CPAs who returned a signed consent form were contacted. The study's nature and purpose, in addition to required criteria for CPA participation were discussed. Eligible Virginia CPAs willing to participate in the open-ended study, willing to commit the necessary time, willing to permit the interview to be audio recorded, and willing to permit data collected to be used in a doctoral dissertation and publications, were asked to complete the pre-interview survey (see Appendix B), then scheduled for a face-to-face, 45-60 minute episodic interview (see Appendix C), with a timeline drawing. Reflection notes were made during the process.

Survey, interview, timeline data, and field notes were organized to facilitate emergence of common themes. Data was analyzed with phenomenological reduction, triangulation, coding, and member checks to ensure quality, accuracy, and depth. Findings were reported in relation to literature, practice, and significance, with suggestions for future research.

Co-Researchers

The participants, known in this study as co-researchers, were a convenience and snowball sample of 12 Certified Public Accountants (CPAs) in Virginia. According to Lincoln & Guba (1985), in constructivism, where realities are social products of the actors, interactions, and institutions, participants are referred to as co-researchers, a collaborative resource where each participant's ideas are equally significant. The designation of CPA co-researcher was discussed with and approved by the participants.

The use of Certified Public Accountant (CPA) in the study refers to Virginia CPAs who met two primary criteria. The first criterion required a CPA currently licensed and involved in Public Accounting in Virginia. The second criterion required a CPA with more than one year of experience, in a small, medium or large accounting firm. All CPAs in the study met both criteria. CPAs with one to three years of experience were categorized as new, while those with more than three year considered experienced. For the purposes of this study, as delineated by AICPA (2010), small firms employed two – 10 CPAs; medium firms 11 – 20 CPAs, and: large firms 21 -74 CPAs.

The pre-interview survey afforded contextual demographic information on co-researchers, to include gender, year of graduation, college degrees, post-university training, and CPA Certification date (see Table 3.2). Four CPAs were categorized as new with one to three years of experience, while eight CPAs with more than three years were categorized as experienced. Date of first CPA License ranged from the earliest of 1982 to the most recent of 2011. Six CPAs were female and six were male. One CPA self-identified as Asian, while 11 self-identified as White. Four CPAs reported one degree, and eight reported two college degrees. Two CPAs reported 120 credit hours, four reported 121 to 150, while six reported 151+ credit hours. Three CPAs reported a 4.0 GPA in college accounting courses, five reported a GPA of 3.5 to 3.9, and four reported a 3.0 to 3.4 GPA in college accounting courses. Of specific interest was the variation in college Ethics credit hours; one CPA reported 12+ Ethics credit hours, one reported nine, one reported six, three reported three Ethics credit hours, while six CPAs reported zero college Ethics credit hours.

Table 3.2

Co-Researcher Portraits by Gender, Date of CPA License, Degrees, Credit Hours, Ethics Credit Hours, and Accounting Courses GPA (Virginia CPAs)

Co-Researcher	Gender	Date of 1 st CPA License	Ethnicity	Degree	College Credit Hours	Ethics Credit Hours	GPA Accounting Courses
SN9100	Male	2011	White	BA, MA	151+	0	4.0
SE9106	Female	1994	Asian	BS, MA	121-150	3	3.5-3.9
SE9107	Female	2007	White	BBA, MA	151+	3	3.5-3.9
SE9108	Female	1994	White	BA, MS	151+	3	3.5-3.9
MN9112	Male	2011	White	BS, MA	151+	6	3.5-3.9
ME9118	Male	1987	White	BS	121-150	0	3.5-3.9
ME9119	Male	1987	White	BBA	120	0	4.0
LN9124	Female	2007	White	BBA	121-150	0	3.0-3.4
LN9125	Male	2011	White	BA, MS	121-150	9	4.0
LE9130	Female	1984	White	BA, MS	151+	0	3.0-3.4
LE9131	Male	1988	White	BS, MS	151+	12+	3.0-3.4
LE9132	Female	1982	White	BA	120	0	3.0-3.4
<i>Mean</i>		1996			140.8	3	3.6
<i>Standard Deviation</i>		11.21			11.99	3.58	0.32

*As delineated by AICPA (2012), Small CPA firms employed two – 10 CPAs; medium CPA firms employed 11 – 20 CPAs, and; large CPA firms employed 21 – 75 CPAs.

** As delineated by AICPA (2012), entry-level CPAs had one to three years' experience in public accounting firms, and experienced CPAs had more than three years of experience in public accounting firms.

*** SN = Small firm, new CPA; SE = Small firm, experienced CPA; MN = Medium firm, new CPA; ME = Medium firm, experienced CPA; LN = Large firm, new CPA, and; LE = Large firm, experienced CPA.

***** BA = Bachelor of Administration; BS = Bachelor of Science; BBA = Bachelor of Business Administration; MA= Master of Science, and: MA = Master of Arts

Data was triangulated for ethics credit hours by college graduation and first CPA license dates (see Table 3.3). I explored potential connections between ethics course requirements and dates of college accounting programs, for any trends indicating shifts in current versus previous requirements. The ethics credit hours reported by CPAs ranged from a high of 12, to a low of 0, with college graduation dates from earliest of 1970 to most recent in 2005. The CPA with 12 ethics credit hours graduated from college in 1984, the CPA with 9 credit hours in 2005, and the CPA with 6 credit hours in 1990. Three CPAs reported 3 ethics credit hours, with graduation dates of 1991, 1992, and 2005. Finally, six CPAs reported 0 college ethics credits, with graduation dates of 1970, 1970, 1985, 1986, 1992, and 1998. Although no significant trend emerged from CPA provided data, all CPAs who reported 0 college ethics credit hours graduated prior to 1999. However, three CPAs with graduation dates prior to 1999 reported ethics credit hours, with the highest being 12 credit hours and a graduation date of 1984.

Table 3.3

Co-Researcher College Ethics Hours by Date of 1st CPA License and College Graduation Date

Co-Researcher	Ethics Credit Hours	College Graduation Date	Date of 1 st CPA License
LE9131	12	1984	1988
LN9125	9	2005	2011
MN9112	6	1990	2011
SE9106	3	1991	1994
SE9107	3	2005	2007
SE9108	3	1992	1994
SN9100	0	1998	2007
ME9118	0	1986	1987

Table 3.3

Co-Researcher College Ethics Hours by Date of 1st CPA License and College Graduation Date

Co-Researcher	Ethics Credit Hours	College Graduation Date	Date of 1 st CPA License
ME9119	0	1985	1987
LN9124	0	1998	2007
LE9130	0	1970	1984
LE9132	0	1970	1982

Setting

The setting for the research study was the professional community of Certified Public Accountants in the State of Virginia. The education requirements, Uniform Certified Public Accountant Examination, and CPA licensing process for all candidates to become CPAs in the United States are developed and maintained by the American Institute of Certified Public Accountants (AICPA), administered by the National Association of State Boards of Accountancy (NASBA), and implemented by the regulatory bodies of the individual states (American Institute of Certified Public Accountants website, 2010). After initial certification, a two-hour continuing education credit for ethics is required annually for CPAs (This Way to CPA, 2011).

Sample

The sample size for qualitative studies is generally smaller than for quantitative studies, as there is a point of diminishing return with qualitative samples (Groenewald, 2011). Thematic saturation, the point where new interviews fail to provide new themes and data is redundant, determined the ultimate sample size, and is typical in the majority of qualitative studies (Groenewald, 2011).

The original sample size was designed to be 12 - 15 Virginia CPAs; a minimum of two entry-level and two experienced CPAs each from a small, medium, and large Virginia public accounting firm, the convenience with snowball sampling produced 12 co-researchers. The revised sampling resulted in one entry-level and three experienced CPAs from small accounting firms, one entry-level and two experienced CPAs from medium accounting firms, and two entry level plus three experienced CPAs from large accounting firms. The initial number of Virginia CPAs was nine. Therefore, through snowball sampling, I asked co-researchers to identify additional participants who could be relevant for the study as necessary, until thematic saturation was achieved. Piloted pre-interview surveys (see Appendix B) were provided via email or SurveyMonkey (SurveyMonkey, 2012), to willing Virginia CPA co-researchers, via co-researchers' preferences, to be completed and returned prior to the scheduled interview.

Locating Co-Researchers

The AICPA and Virginia Society of Certified Public Accountants (VSCPA) Directories of CPAs licensed in Virginia, available and open to members of the AICPA and VSCPA without prior permission were utilized, available and open to members of the AICPA and VSCPA without prior permission, to identify potential Virginia CPAs who met established criteria. AICPA establishes ethical, professional, and technical standards for the CPA profession, U.S. auditing standards for audits, and develops and grades Uniform CPA Examinations (American Institute of Certified Public Accountants website, 2010). Executives within the AICPA and VSCPA assisted and disseminated the invitation to participate and Informed Consent Forms to members, with personal endorsements to encourage participation.

Researcher's Biography

As the researcher, my credibility to serve as the human instrument is addressed in this abridged professional biography. I am currently a university professor instructing accounting, finance, economics, and critical thinking. Formal education includes BS in Accounting, MS in Accounting, Ed.S in Educational Leadership, and an Ed.D Doctoral Candidate presently at Liberty University. Certifications and licenses include CPA Candidate, Faculty Certification, and Executive Business Analysis. Professional experience includes National Accounting Firm owner, Contract Accounting Manager for profit, non-profit, and government agencies, Executive Business Consultant, mortgage banking Accounting Director, Director of Accounting and Finance for an international investment group, and a multi-unit retail executive manager.

Researcher Bias

As the researcher, my previous and ongoing direct experience in accounting and with employers, clients, students, and stakeholders, could impact my viewpoints, analysis, and conclusions, but instead prepared me to be an excellent human instrument for the study. As a professional accountant, I worked in industries to include investment banking, mortgage banking, nonprofit managed health care, government contracting, financial services, and insurance. I observed intentional, inaccurate, and deceptive financial reporting, by peers, subordinates, and superiors. In addition, I was pressured to misrepresent financial results, but refused. As a university accounting professor, I have witnessed the benefits associated with experiential, hands-on learning activities versus traditional, lecture-based formats.

Using the epoche process outlined by Moustakas (1994) to refrain from judgment, presuppositions and experiences with the phenomenon were set aside. I entered the study without preconceptions of the results, instead seeking to understand, and committed to a study that was open, receptive, and naïve in hearing and transcribing co-researchers' perceptions of lived experiences with the phenomenon; the influence of accounting ethical education requirements on their ethical decision-making preparedness. The study was not intended to evaluate efficacy of ethical training for current accounting programs, and I made a conscious effort to be open, not view responses and data as examples of theories, to see the phenomenon in its own light, with its own meaning and structure. To discover and understand meaning of described experiences, I was reflective about perception, acknowledged personal values, maintained a flexible stance, was open to change, and constructed open-ended episodic interview questions to guide the study (Moustakas, 1994). As a result, I recognized and noted meanings and themes as they emerged, separated my responses from the data, and sought a meaningful whole (Keen, 1975).

Data Collection

The CPA's reality was treated as the pure phenomenon and collected data answered the central question of inquiry: How do practicing CPAs perceive the influence of accounting ethics education on their informed ethical decision-making preparedness? Research questions guided the study (see Table 3.4), and were used in designing the episodic interview guide (see Appendix C). The CPAs were interviewed, completed a pre-interview survey, and asked to create a timeline drawing as a visual representation of

their lived experiences. I maintained dated and detailed reflection notes of the process, and set aside time for reflection to expand on the notes.

Table 3.4

Additional Guiding Research Questions

-
1. How does the practicing CPA describe perceptions of “ethical decision-making” in relation to CPAs? (Interview questions 1-8 Appendix C)
 2. How does the practicing CPA describe perceptions of ethical decision-making preparedness? (Interview questions 9-13 Appendix C)
 3. How does the practicing CPA describe perceptions of college accounting ethics learning activities? (Interview questions 14-15 Appendix C)
 4. How does the practicing CPA describe perceptions of accounting degree program ethics education influence on his or her informed ethical decision-making preparedness? (Interview questions 16-18 Appendix C)
 5. What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness? (Interview questions 19-22 Appendix C)
-

Piloting

The pre-interview surveys, interview questions, and timeline drawings were tested on a sample of Certified Public Accountants in Virginia public accounting firms not participating in the research study. I used piloting with five CPAs, after IRB approval, to identify whether the instructions, questions, and meaning of the questions were clear and consistent for all CPAs (Farber, 2006). Piloting the survey, interview questions, and timeline drawing with Certified Public Accountants in Virginia allowed me to identify and correct problems that could potentially impact the study. All five CPAs reported the timeline drawing as interesting but not enhancing the information from perception of CPA co-researchers. I elected to use the timeline drawing because it was part of

procedures proposed, approved by my committee, approved by Liberty's Institutional Review Board, and had potential to enhance results.

Pre-Interview Surveys

A pre-interview survey (Appendix B) was completed by CPAs prior to the face-to-face interviews which served as a guide for the researcher and information for comparison to interview data for triangulation. The surveys generated biographical, demographical, and perceptual data including gender, degree, post-university training, CPA Certification date, and CPA Exam study process. Although the survey included request for graduation year, it was not prominently displayed and CPAs failed to complete it until asked for the information during analysis. Follow up telephone calls were made to the co-researchers to obtain college graduation years when I discovered the information was not provided on the pre-interview surveys. I used the pre-interview surveys to assess CPAs' preliminary opinions and perceptions of the process and phenomenon. The importance of answering all questions was emphasized; the CPAs were advised they were participating equally in the study as co-researchers to seek knowledge and understanding, not to evaluate efficacy of ethical training for current accounting programs, but for the influence of accounting ethics education on their ethical decision-making preparedness, responses were confidential, and anonymity was assured in analysis and reporting of results. I used the pre-interview surveys to prepare for face-to-face interviews by gaining a broad perspective of the CPAs' education and professional experiences, as they relate to the influence of accounting ethics education on levels of ethical decision-making preparedness.

Interviews

Interviews were the primary instrument in the phenomenological data collection (Moustakas, 1994). Face-to-face episodic interviews, guided by bracketed, piloted, and open-ended semantic questions and narratives collected a definition and description of influences the CPA perceived and described that formal ethics education has on his or her ability to identify or recognize ethical dilemmas, arrive at potential solutions, and select the ethical course of action (Farber, 2006). The interview semantic questions and narratives (see Table 3.5) solicited descriptions of CPAs' perceptions, experiences, feelings, beliefs, and convictions, and not determine or predict causal relationships (Mason, 2010). For details establishing content validity of the questions see Appendix B. Past education and experience as an accountant sensitized me to identify areas in need of further prompting or clarification. To establish timelines, verify dates, and check spelling, clarifying questions were asked when necessary. To encourage CPAs to reflect upon events and to solicit information in greater depths, probing narrative questions were used. Follow-up questions encouraged elaboration on relevant topics.

Table 3.5

Summary of episodic interview questions, categorization, and research basis

Episodic Interview Questions	Categorization and Research Basis
S-1: What do you link with “ethical decision-making” in relation to CPAs? What are your associations with that term?	Semantic/Description/Definition; Emerson et al., 2007; Fleming et al., 2009
E-2: What has influenced your idea of CPA ethical decision-making in particular? Can you please tell me an example that makes this clear for me?	Narrative/Analysis; Emerson et al., 2007; Fleming et al., 2009
E-3: Do you have the impression that your idea of CPA ethical decision-making has	Narrative/Description; Emerson et al., 2007; Fleming et al., 2009

Table 3.5

Summary of episodic interview questions, categorization, and research basis

Episodic Interview Questions	Categorization and Research Basis
<p>changed in the course of your professional life? Please tell me a situation that makes this clear for me.</p>	
<p>E-4: Do you have the impression that the way you handle the issue of ethical decision-making has changed compared to earlier times? Can you tell me an example that makes this clear for me?</p>	<p>Narrative/Description; Emerson et al., 2007; Fleming et al., 2009</p>
<p>E-5: Do you have the feeling that your private practices referring to ethical decision-making influence your professional practice as a CPA? Can you please tell me an example that makes this clear for me?</p>	<p>Narrative/Analysis; Emerson et al., 2007; Fleming et al., 2009</p>
<p>E-6: What does it mean to you, to promote ethical decision-making in your professional practice as a CPA? Can you please tell me an example that makes this clear for me?</p>	<p>Narrative/Analysis; Emerson et al., 2007; Fleming et al., 2009</p>
<p>E-7: Have your professional practices as a CPA changed in the last few years where it concerns ethical decision-making? Can you please tell me an example that makes this clear for me?</p>	<p>Narrative/Analysis; Emerson et al., 2007; Fleming et al., 2009</p>
<p>E-8: Would you please tell me how your day went yesterday? How, when, and where did ethical decision making play role in it? *</p>	<p>Narrative/Description; Emerson et al., 2007; Fleming et al., 2009</p>
<p>S-9: What does “ethical decision-making preparedness” mean for you? What are your associations with that term?</p>	<p>Semantic/Definition/Description; Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008; Weirich, Pearson, & Churyk, 2010</p>
<p>E-10: What role does “ethical decision-making preparedness” play in your life? Could you please tell me a typical</p>	<p>Narrative/Analysis; Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008; Weirich, Pearson, & Churyk, 2010</p>

Table 3.5

Summary of episodic interview questions, categorization, and research basis

Episodic Interview Questions	Categorization and Research Basis
situation?	
E-11: When you think back, what was your most important experience with “ethical decision-making preparedness” in your professional life as a CPA? Could you please tell me a typical situation?	Narrative/Analysis; Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008; Weirich, Pearson, & Churyk, 2010
E-12: Do you have the impression that your idea of ethical decision-making preparedness has changed in the course of your professional life as a CPA? Please tell me a situation that makes this clear for me.	Narrative/Description; Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008; Weirich, Pearson, & Churyk, 2010
E-13: What makes it clear for you, in your professional life as a CPA, that a CPA has ethical decision-making preparedness? Could you please tell me an example of this? **	Narrative/Analysis; Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008; Weirich, Pearson, & Churyk, 2010
E-14: When you think back, what were the most effective ethics and ethical decision-making learning activities in your college accounting ethical education? Can you please describe an effective learning activity for ethical decision-making and why you found it effective?	Narrative/Analysis; Beard & Wilson, 2006; Bucciarelli et al., 2008; Kolb, 2005; NG, Dyne, & Ang, 2009
E-15: When you think back to your college accounting ethics education, what teaching methods were least effective in enhancing your learning of ethical decision-making? Can you please describe a teaching method for ethical decision-making, and why it was not effective for you? ***	Narrative/Analysis; Beard & Wilson, 2006; Bucciarelli et al., 2008; Kolb, 2005; NG, Dyne, & Ang, 2009
S-16: What does the influence of accounting ethics education on a CPA’s ethical decision-making preparedness mean for you?	Semantic/Description/Relation; Beard & Wilson, 2006; Calvert, Kurji, & Kurji, 2010; Emerson et al., 2007; Fleming, Romanis, & Lightner, 2009

Table 3.5

Summary of episodic interview questions, categorization, and research basis

Episodic Interview Questions	Categorization and Research Basis
E-17: Do you have the impression that your accounting ethics education prepared you sufficiently for the issues of ethical decision-making? Please tell me a situation that makes your impression clear for me.	Narrative/Description; Beard & Wilson, 2006; Calvert, Kurji, & Kurji, 2010; Emerson et al., 2007; Fleming, Romanis, & Lightner, 2009
S-18: If you think of recognizing ethical dilemmas and ethical-decision-making in your professional work as a CPA, what relevance should a required accounting ethics education has for CPAs? ****	Semantic/Analysis; Beard & Wilson 2006; Calvert, Kurji, & Kurji, 2010; Emerson et al., 2007; Fleming, Romanis, & Lightner, 2009
E-19: Do you have the impression that the required college accounting ethics education components prepare new graduates sufficiently for issues of ethical decision-making in public accounting? Please tell me a situation that makes your impression clear for me.	Narrative/Analysis; AICPA, 2010; Bucciarelli, Khemlani, & Johnson-Laird, 2008; Emerson et al., 2007; Financial Crisis Inquiry Commission, 2011; McPhail, 2006; Sinn, 2008; Uysal, 2010
E-20: Do you have the impression that there are negative consequences from a lack of CPA ethical decision-making preparedness? Can you please tell me a situation that makes your impression clear to me?	Narrative/Analysis; AICPA, 2010; Bucciarelli, Khemlani, & Johnson-Laird, 2008; Emerson et al., 2007; Financial Crisis Inquiry Commission, 2011; McPhail, 2006; Sinn, 2008; Uysal, 2010
S-21: If you think of the recent 2008 financial crisis, do you have the impression that there is a connection between accounting ethics education and CPA ethical decision-making preparedness to the crisis? Can you please describe a situation that makes your impression clear to me?	Semantic/Description/Relation; AICPA, 2010; Bucciarelli, Khemlani, & Johnson-Laird, 2008; Emerson et al., 2007; Financial Crisis Inquiry Commission, 2011; McPhail, 2006; Sinn, 2008; Uysal, 2010
E-22: Do you have the impression that changes are needed in required college accounting program ethics requirements? If yes, can you please describe changes that will make your impression clear? *****	Narrative/Description; AICPA, 2010; Bucciarelli, Khemlani, & Johnson-Laird, 2008; Emerson et al., 2007; Financial Crisis Inquiry Commission, 2011; McPhail, 2006; Sinn, 2008; Uysal, 2010

I suspended as much as possible my meanings and assumptions, was an analyzer of the unique data, using the matrices of the CPA's view to understand meaning versus what I as the researcher expected (Moustakas, 1994). Brief silences or pauses encouraged CPAs to think, reflect, and recall, with nonverbal communication including hand gestures and eye contact to reflect myself as engaged and attentive (USC Shoah Foundation Institute for Visual History and Education, 2007). The episodic interviews lasted 45 minutes to one hour, were audio recorded for verbatim transcription, preserved in their entirety without editing, and only stopped in case of emergency or if co-researcher insisted (see Interview Transcript Appendix G). CPAs were asked to member check the transcriptions for accuracy prior to data analysis. No follow up interviews were necessary to obtain additional information or clarify details.

Subsequent to the interview, my notes recorded reflections, including hunches, feelings, and impressions (Lofland & Lofland, 1999). Reflection notes enhanced theorizing about themes, coding ideas, and development of the analytical framework. Reflection notes provided clarity and direction of data coding, and according to Glaser and Strauss (1967), organized thoughts and observations into categories including observational, methodological, theoretical, and personal (see Appendix H).

Reflective notes captured phrases, words, and actions of co-researchers. Reflective notes were unplanned, unstructured, open-ended ways of representing events; descriptions of what the co-researchers said and did (Emerson et al., 2007). The notes also recorded conditions of the interviews, to include who was present, where the interview was located, whether the co-researcher was relaxed, interruptions, and other data not captured via audio recordings. Reflective notes were prepared from the start of

data collection until the report was complete, and provided to co-researchers to verify accuracy and validity prior to analysis. No suggestions for changes were made by the co-researchers.

Episodic Interviews

The episodic interview was used for within-methods triangulation to combine different methodological approaches in one qualitative method (see Figure 3.2). Narrative-episodic and semantic-conceptual questions were not intended to evaluate efficacy of ethical training for current accounting programs, but explored CPAs' perceptions for the influence of accounting ethical education requirements on their ethical decision-making preparedness (Flick, 2007). Flick (2007) posits narrative-episodic as oriented toward situations, context, and progress, while semantic-conceptual is more abstract, generalized, and decontextualized from situations and events oriented to concepts, definitions, and relations.

To develop themes through descriptions of CPA knowledge and experiences, narratives were used for the context in which CPA ethical decision-making experiences are made, while semantic questions solicited rich descriptions for normal, rule-based, and generalized knowledge across multiple ethical decision-making situations and experiences (Flick, 2007). Narratives were collected from CPAs who experienced the phenomenon with piloted, open-ended episodic interview questions, then through probing for additional descriptions. The perceptions of rules and regulations described by CPAs were captured; "rules and maxims state significant generalizations about experience but stories illustrate and explain what those summaries mean" (Robinson & Hawpe, 1986, p.124).

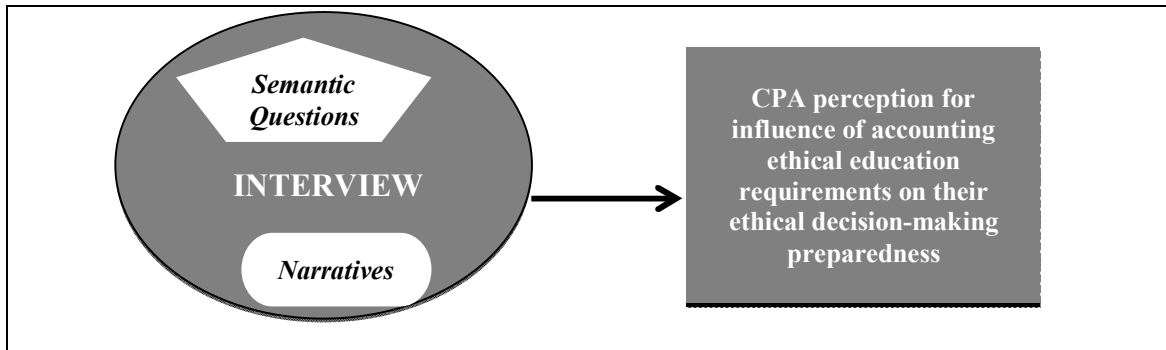


Figure 3.2. Interview within-method triangulation, combining semantic and narrative interview questions, adapted from *Managing Quality in Qualitative Research*, edited by Uwe Flick, 2007, Boston, MA: Pearson Education.

Timeline Drawings

Timelines can be a visual representation approach used with interviews, and facilitate recollection and sequencing of events, to depict order, significance, and meaning (Guenette & Marshall, 2009). Timeline drawings can facilitate co-researchers' storytelling, be a touch point for further reflection, help co-researchers to gather and express thoughts creatively, and be a break from the verbal interview process (Guenette & Marshall, 2009). Although timeline drawings can be useful for triangulation with other data, and can position the research phenomenon within the contexts of other events (Crinall, 2009), only four co-researchers completed a timeline drawing.

Timeline drawings invited co-researchers to reflect on and engage in their experiences, creating new meanings and understandings, at a level not likely to occur with other activities (Guenette & Marshall, 2009). Timelines were designed to reflect changes over time, history, and professional development of the co-researchers' perceptions for the influence of accounting ethics education on their ethical decision-making preparedness.

Co-researchers were provided a timeline template (see Appendix D) and asked to create a visual representation of their educational, certification, and professional work

histories and experiences. The visual representations were intended to enhance understanding of CPA ethical decision-making preparedness; adequate combination of accounting ethics education, accounting technical skills education, applicable learning activities, and suitable instructional methodologies to assist the CPA in identifying potential ethical dilemmas, alternative solutions, and reaching the action perceived as right versus acceptable. The CPAs were encouraged to identify important and memorable events including formal and informal accounting education milestones, accounting ethics education, instructional methods, learning activities, CPA Exam preparation, CPA Exam attempts and results, public accounting work history, ethical dilemmas encountered, ethical decision-making processes, and subsequent outcomes of actions taken. Four CPAs created timeline drawings to track accounting education, accounting ethics education, CPA Exam preparation, professional experience in ethical dilemma identification, and evolution of ethical decision-making preparedness. The remaining co-researchers were unable, with repeated prompting, to create the visual representation necessary for effective timeline drawings.

Data Analysis

The primary focus was to describe the phenomenon, refrain from presuppositions, epoche, and stay true to the facts (Moustakas, 1994). As the study was not intended to evaluate efficacy of ethical training for current accounting programs, the surveys, episodic interviews, and reflection notes provided data to understand the perceptions of Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness. In addition, the data provided insights in pedagogy and methodology for potential future accounting ethics

education curriculum design, to further enhance CPA ethical decision-making preparedness. Phenomenological analysis of collected data was organized, analyzed, and synthesized, to identify, extract, explore, and reassemble meaningful themes and subunits of themes in a systematic manner (Krathwohl & Smith, 2005).

Phenomenological Reduction

The data from pre-interview surveys, transcribed interviews, and reflection notes were individually analyzed then triangulated and synthesized to create summaries, notes, and drafts. Through the phenomenological reductive method, analysis steps included transcription by my spouse, bracketing and phenomenological reduction, listening to interviews, reviewing data for a sense of the whole, delineating units of general meaning, delineating units of meaning relevant to the research question, verifying units of relevant meaning, eliminating redundancies, clustering units of relevant meaning, determining themes from clusters of meaning, written summary for each interview, member-checking the summaries and themes with CPAs, modifying themes and summaries, identifying general and unique themes for all interviews, contextualizing themes, and writing a composite summary (Hycner, 1985). The analysis uncovered patterns, theories, and explanations to create new knowledge and understanding of the phenomenon for each of the guiding research questions while not interpreting data according to preexisting theory or presupposition (see Appendix I).

Interviews were the primary source of data in this phenomenological study. For phenomenological analysis of interview data, the interview recordings were transcribed. Word-for-word transcription was necessary for capturing literal statements, and notes for

significant non-verbal and para-linguistic communication were included to the extent possible (Hycner, 1985).

I approached the audio recordings and transcripts with an open mind, for the meanings which emerged. Bracketing and phenomenological reduction was essential to uncover units of general meaning. According to Keen (1975), phenomenological reduction requires a conscious effort and openness, to see the phenomenon, influences CPAs perceive between accounting ethics education requirements and their level of ethical decision-making preparedness, in its own right versus as an example of a theory or presupposition. Every attempt was made to understand meanings from the CPAs' views.

To obtain a sense of the whole interview, after bracketing interpretations and meanings to the extent possible, each interview audio recording was reviewed numerous times. In addition, each interview transcript was reviewed for accuracy three to five times as dictated through comparisons to audio recordings. As a result, a context emerged for specific units of meaning and themes. To be thorough, I listened for intonations, emphases, and pauses. Reflection memos were used to record impressions, and not interfere with bracketing interpretations and biases in my attempt to stay true to the CPAs' meanings (Hycner, 1985).

At this stage of data-analysis, every word, phrase, sentence, and paragraph was rigorously reviewed, and significant non-verbal communication in the transcripts noted to elicit the CPAs' shared and described meanings. To gain expressed meanings, what CPAs said was crystallized and condensed, using the co-researchers' literal words to the extent possible, while every attempt was made to stay close to the literal data (Hycner,

1985). As a result, units of general meaning, including words, phrases, non-verbal, and para-linguistic communications, expressed unique and coherent meaning irrespective of research questions, and all general and redundant meanings noted.

Units of general meaning were addressed, and determinations made whether the responses illuminated the research question. CPA responses which responded to or illuminated the research question were noted as relevant units of meaning, while statements irrelevant to the phenomenon of influences CPAs perceive between accounting ethics education requirements and their level of ethical decision-making preparedness were not recorded (Hycner, 1985). For reliability, units of relevant meaning were verified. The steps and processes are clear, where other researchers will be able to independently carry out the procedures with only minor differences and discrepancies in findings (Hycner, 1985).

After units of relevant meaning were verified, the list was reviewed and units of meaning which were clearly redundant to others previously listed eliminated. Features including number of times a meaning was mentioned, how it was mentioned, non-verbal and paralinguistic cues which significantly changed or emphasized the literal meanings were considered. The features determined context, weight, and emphases, and relevant in later comparisons of non-redundant units of relevant meaning (Hycner, 1985).

With the list of non-redundant units of relevant meaning, bracketing efforts were consciously renewed to determine if any units of relevant meaning clustered together naturally. In this step, any common theme or essence uniting discrete elements of relevant meaning was sought. According to Hycner (1985), a common essence or theme will emerge through a rigorous examination of each individual unit of relevant meaning

within its context. The clusters of meaning were rigorously reviewed. As the researcher, I determined if one or more central themes expressed the essence of the clusters. The review included going back and forth among the clusters for relevant segments.

At this stage in analysis, a summary for each CPA individual interview was written; themes elicited from the data incorporated. The written summary provided context for emergence of themes and gave a sense of the whole event and narrative (Hycner, 1985). According to Ellenberger (1958), “whatever the method used for phenomenological analysis the aim of the investigator is the reconstruction of the inner world of experience of the subject” (p. 116). As a result, a validity check was done, by providing the co-researchers with the written summary and themes, to assess if the co-researchers agreed the essence was captured accurately, and if the co-researcher would like to add further information for clarification. Subsequent to the validity checks with co-researchers, all previous analysis procedures were repeated. The data was reviewed as a whole, and themes modified or added as necessary, with a modified written summary (Hycner, 1985).

At this point in the analysis, themes common to all or most of the data, as well as individual variations, were noted. According to Hycner (1985), this required a phenomenological viewpoint for eliciting essences and acknowledgment of existential individual differences. The individual steps included: (a) noting themes common to all or most interviews; (b) clustering them together as a general theme; (c) noting themes unique to a single interview or a minority of interviews; and (d) noting variations within themes.

General and unique themes were placed within the overall contexts from where they emerged. According to Giorgi (1970), “the horizon is essential for the understanding of the phenomenon because the role that the phenomenon plays within the context, even if it is implicitly recognized, is one of the determiners of the meaning of the phenomenon” (pp. 21-22). Finally, a composite summary was written of all data which captured the essence of influences CPAs perceive between accounting ethics education requirements and their level of ethical decision-making preparedness, noting significant individual differences.

Table 3.6

Phenomenological reductive analysis steps within context of Moustakas data-analysis

Phenomenological Reductive	Moustakas
1. Interview transcription	
2. Bracketing & phenomenological reduction	
3. Review data for a sense of the whole	
4. Delineate units of general meaning	a. Listing and preliminary grouping
5. Delineate units of meaning relevant to research question	b. Reduction and elimination
6. Verify units of relevant meaning	
7. Eliminate redundancies	
8. Cluster units of relevant meaning	c. Clustering and thematizing invariant constituents
9. Determine themes from clusters of meaning	
10. Write summary for each interview	
11. Member check summaries and themes	d. Identification of invariant constituents and themes by validation
12. Modify themes and summaries	e. Construct individual structural descriptions;
	f. Construct individual structural descriptions
13. Identify general and unique themes	
14. Contextualize themes	g. Construct textural-structural description of meanings and essences
15. Write composite summary	

Note. Phenomenological reductive analysis is consistent with and advocated by Moustakas (1994, p. 101); “Understanding the nature, meanings, and essences of epoche, phenomenological reduction, imaginative variation, and syntheses is necessary to conduct phenomenological research”.

An individual’s summary describes the world; the phenomenon as experienced by the CPA co-researchers, from their perceptions. Phenomenological reductive analysis is expanded on and incorporated the analysis steps as outlined by Moustakas (1994), (See Table 3.6). The data analyzed from surveys, interviews, and reflection notes were compared. According to Bogden and Biklen (2007), data analysis is “working with the data, organizing them, breaking them into manageable units, coding them, synthesizing them, and searching for patterns” (p. 159).

Trustworthiness

The data collected answered the research questions. As the research instrument, I was neutral and transparent in analysis, so future studies would measure the same effect to ensure consistency. Transparency, credibility, dependability, and transferability were addressed to increase trustworthiness of the study for applicability and potential for future research. Transparency makes the research understandable, while credibility is the extent findings describe the actual reality (Farber, 2006). According to Flick (2007), dependability is established, as data collection and analysis were consistent and standardized as far as possible. The research report with its presentation of and reflection on the methodological proceedings, narratives about access to and the activities in the field, documentation of various materials, transcribed observations and conversations, and interpretations and theoretical inferences is the only basis for answering the question of the quality of the investigation (Luders, 1995).

Transparency

Transparency is relevant to enhance quality of qualitative research, and renders the research process, steps, and decisions that influenced data and results understandable to readers (Flick, 2007). Transparency was achieved by documenting how the research focus of inquiry evolved from my situation to self, and how research questions evolve and change during the course of the study. Rationale for selecting CPAs from AICPA and VSCPA membership, in public accounting practices, was described, and why the qualitative, transcendental, phenomenological design, using pre-interview surveys, episodic interviews, and timeline drawings was identified and supported with literature and prominent theorists.

Credibility

Credibility addresses confidence in the research study findings, and detail is provided for readers to assess the credibility of reported results. Research questions were clear and substantiated, appropriate for the phenomenological study. Sampling strategies, applicable to phenomenology, were used to select CPAs. The study collected data through non-participating CPA piloted surveys, episodic interviews, and reflection notes managed systematically, and analyzed according to phenomenological research design principles.

Triangulation is a worthwhile strategy for extending knowledge potential; between-method and within-method triangulation of data from surveys and interviews, explored the phenomenon from multiple perspectives (Flick, 2007). Prolonged engagement to the phenomenon, 15 hours with CPAs, permitted multiple perspectives to be collected, to reduce potential for social desirability responses (Krefting, 1991).

Member checking, where interpretations of data are shared and discussed with the CPA co-researchers, clarified and added new perspectives to the phenomenon (Guba, 1981).

Reflective memos, peer examination, and review of data further enhance credibility.

Transferability

The licensure requirements and process for CPAs in the United States is developed by the American Institute of Certified Public Accountants (AICPA), administered by the National Association of State Boards of Accountancy (NASBA), and implemented by the accounting regulatory agencies of the individual states (AICPA, 2012). The requirements vary little between individual states (see Table 3.7), and permit readers of the study to determine if results are applicable in additional contexts. As a result, convenience and snowball sampling of CPAs in Virginia report descriptions potentially transferable within and among the CPA population in Virginia and the United States to understand the perceptions of Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness.

Kolb's (2005) experiential learning model, situated within Kohlberg's (1984) stages of cognitive development, was applied to ethics in the accounting curriculum and classroom learning activities. This framework guided the study and analysis, to establish and enhance the trustworthiness and transferability of findings. Thick descriptions were made of the patterns and contexts uncovered in the data analysis. The descriptions allow readers to determine whether the results are applicable in other contexts (Farber, 2006).

Table 3.7

CPA Licensing Requirements

Category	Requirement
Minimum Age	18*
U.S. Citizen	No
State Residency Requirements	Resident, office, or employer in licensing state
SSN Requirement	Yes
Education Semester Hours for Licensing	150 credit hours**
Degree Requirement	Bachelor Degree
Accounting Education Semester Hours	24 semester hours accounting courses; 24 semester hours business courses; principles or introductory accounting courses cannot be considered in the 48 hour minimum
Exam Sitting Requirement	Bachelor Degree with accounting concentration
Experience Requirement	One year minimum
Ethics Requirement	Two hours annual continuing education (CE)

Note. The requirements for accountants to sit for the CPA exam and be eligible for and to maintain the CPA license, adapted from “This Way to CPA” website, 2011, retrieved from [http:// www.thiswaytocpa.com/exam-licensure](http://www.thiswaytocpa.com/exam-licensure).

* Alabama and Alaska 19; New Hampshire, Missouri, Puerto Rico, and Virgin Islands 21; No age requirements for Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, North Dakota, Oklahoma, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and West Virginia

Dependability

The findings of the study are dependable and consistent. As outlined by Flick (2007), the results presentation advocate for why the methods were used, why the methods were appropriate and necessary, with examples of how results were linked. The

results advance the quality of the study, and are reported in an understandable and straightforward presentation of the findings and ways findings were produced (Flick, 2007).

Confirmability

To increase confirmability, procedures were employed to reduce researcher bias in motivation and interest. An audit trail (see Table 3.8) details transparent descriptions of research steps, and meticulous handling of raw data, data reduction notes and summaries, data reconstruction notes and summaries, and process notes. 1985).

Table 3.8

Audit Trail

-
- (a) Raw data, collection, and recording
 - (b) Data-reduction, synthesis by summarizing, field notes, and reflective memos
 - (c) Reconstruction of data and results into themes, categories, definitions, and relationships; findings integrated in and linked to literature
 - (d) Process and methodological notes to establish trustworthiness and credibility of findings
 - (e) Intentions and dispositions; concepts of research, personal notes, and expectations of the CPA co-researchers
 - (f) Development of instruments, piloted versions, and preliminary plans
-

Note. Audit trail adapted from “Institutional Review Boards and Methodological Conservatism”, by Yvonna Lincoln, 2005, in *Handbook of Qualitative Research*, Thousand Oaks, CA: Sage.

Ethical Issues

Qualitative research, according to Lincoln and Guba (2005), as a precondition of ethically sound research, is only legitimate when it adds new insight into or solutions for potential problems. Ethical justification for this study, not intended to evaluate efficacy of ethical training for current accounting programs, but on the perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-

making preparedness was derived from the lack of current research from the perspectives of CPAs, does not duplicate existing literature, contributes new knowledge, and provides suggestions for future studies. In addition, the results produce suggestions for potentially improving accounting ethics education for increasing the ethical decision-making preparedness of future CPAs. Ethical considerations for the study also include the appropriate research design and methods, a qualitative, transcendental, phenomenological study, to explore the issue, population, and focus of inquiry; perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness (Lincoln & Guba, 2005).

The research design is relevant, sound, and did not expose co-researchers to unnecessary risk. The study adhered to Liberty University's IRB protocol (see Appendix F), and risks to CPA co-researchers were reasonable, relate to the quality of expected benefits and significance of knowledge to be gained, and no more than the co-researcher would encounter in daily life. The benefits to participating for CPA co-researchers include contribution to research on accounting education, with potential for improvement to the quality of accounting graduates' ethical decision-making abilities. There were no special ethical issues, and the CPAs were not considered a vulnerable population with respect to purpose and setting for the study.

The study addressed potential ethical problems beyond common risks and issues of power and privilege, with no intent to cause harm, informed consent, and co-researcher right to withdraw from the study (Kilbourn, 2006). Measures were implemented to protect the dignity, rights, and well-being of the CPA co-researchers. The major ethical

issues included confidentiality, anonymity, participant's informed consent, data collection; data storage, back up, and destruction (Lincoln, 2005).

Anonymity and confidentiality of the CPAs was protected by assigning numerical aliases to the individual participants. The numerical aliases were assigned to identify surveys, interview transcripts, timeline drawings, and reflection notes to maintain CPAs' anonymity and confidentiality. Informed Consent was obtained, and conveyed to CPAs they were participating in a research study, the purpose of the study, the right of withdrawal, and that no deception would be engaged in (Creswell, 2007). CPA participation was voluntary, and they were free to not answer any question or to withdraw from the study at any time without affecting any relationships with Liberty University, the researcher, or the accounting community.

The data will be kept private, stored on external hard drives, in a locked safe, and published reports will not include information identifying CPA co-researchers. Research records and materials will be stored securely, and only the researcher will have access. A file was created for each CPA with the following documentation: (a) informed consent; (b) pre-interview survey; (c) field notes during interview; (d) field notes after interview; (e) timeline drawings made by CPA; (f) additional information provided by CPA; (g) notes made during data analysis process (e.g., thematic units of meaning); (h) transcription and analysis of interview during interview; (i) transcript and analysis member checks from CPA co-researcher; and (j) additional communication between CPA co-researcher and me (Groenewald, 2004). Data and recordings will be destroyed after the project is complete and the required three-year data-retention period has elapsed.

CHAPTER FOUR: FINDINGS

“Successful research often leads through reasonable yet unsuccessful approaches and unexpected discoveries. Indeed the history of science is rife with examples of important discoveries arising from such results”

Journal of Serendipitous and Unexpected Results’ Cory Doctorow, 2010

This phenomenological study, was not intended to evaluate efficacy of ethical training for current accounting programs, but emphasized the direct experience of the phenomenon, perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Any notabilities in the results presented in Chapter Four come from viewing them in light of recent accounting scandals and consistent reports that inaccurate and/or fraudulent accounting was a primary cause of the United States 2008 Financial Crisis (Bucciarelli, Khemlani, & Johnson-Laird, 2008; Financial Crisis Inquiry Commission, 2011; Sinn, 2008).

Documented inaccurate and fraudulent accounting tarnished the reputation of Certified Public Accounts (CPAs) as trusted, educated, ethical advisors and reporters of financial information used by internal and external users of the accounting information to make decisions (Financial Crisis Inquiry Commission, 2011). Of the 12 Virginia CPA co-researchers whose experiences are detailed, eight reported accountant ethical decision-making as a contributor to the recent U.S. 2008 Financial Crisis, and eight related a lack of effective ethical decision-making requirements and learning activities in accounting degree programs.

The use of Phenomenological Reductive Analysis (Hycner, 1985), not intended to evaluate efficacy of ethical training for current accounting programs, explored influences Virginia CPAs perceive between accounting ethics education requirements and their level

of ethical decision-making to yield results beyond the perfunctory, in hopes of illuminating potentially necessary changes to accounting curriculum for improvement of accounting graduate ethical decision-making upon entry into the industry. Issues of CPA ethical decision-making were prevalent in research on financial crisis, accounting scandals, and accounting education (Beard & Wilson, 2006; Bucciarelli, Calvert, Kurji, & Kurji, 2010; Fleming, Romanis, & Lightner, 2009; Khemlani, & Johnson-Laird, 2008; Financial Crisis Inquiry Commission, 2011; Sinn, 2008). While Phenomenological Reductive Analysis was employed to explore the focus of inquiry, “How do CPAs describe influence of accounting ethical education requirements on their ethical decision-making?”, orientation questions included “What is ethical decision-making for CPAs?”, “What is ethical decision-making preparedness?”, “How did accounting degree program ethics education influence CPA informed ethical decision-making?”, and “What are effective accounting ethics learning activities in college accounting programs?” Informing these foundational questions was “What necessary changes do CPAs suggest in accounting degree program ethics requirements for decision-making preparedness?” which has shown a potential to improve CPA ethical decision-making preparedness.

Structuring the Results

Chapter Four begins with analysis of the Pre-Interview Survey, which was the first data collected. Although quantitative in nature, it provided enhanced understanding of Virginia CPAs’ perceptions of the phenomenon. After pre-interview survey analysis, episodic interviews were analyzed within context of research questions. Chapter Four concludes with a comparative representation of themes which emerged from pre-

interview surveys and episodic interviews, with discussion of results framed by the research questions.

All co-researchers indicated the value of ethical decision-making as the cornerstone of CPA practice, and its interactions within the overall thematic framework are revealed in detail. In addition, other themes emerged from data analysis outside of the focus of inquiry. As the results emerged, clear distinctions developed among the primary themes. CPA experiences were revealed, and extracted qualities manifest the primary themes of ethics, ethical decision-making, and the influence of accounting program required ethics education on ethical decision-making preparedness. During ongoing analysis of CPA experiences, distinguishing themes emerged, and a significant interrelationship involved how ethics and ethical decision-making develop among and within individuals. Additional themes emerged among CPAs for inconsistent accounting ethics education requirements, and difficulties with upholding ethics in accounting and financial reporting in public practice.

Although the study was not intended to evaluate efficacy of ethical training for current accounting programs, co-researchers' shared experiences which provided insight into influences CPAs perceive between accounting ethics education requirements and their level of ethical decision-making preparedness. CPA co-researchers detailed distinctive experiences during the interviews, and demonstrated unique perceptions of ethical decision-making in CPA practices. Data collection proceeded into data analysis, Phenomenological Reduction was applied, and through saturation it became clear the data collected was sufficient.

Related themes emerged outside the primary focus of inquiry. The related themes include (a) CPAs pressured to violate ethical code of conduct, (b) CPAs walking away from the industry to avoid ethical conflicts, and (c) CPA industry retaliation for divulging ethical context-based information and opinions. CPAs reported pressure within public practice to violate the American Institute of Certified Public Accountants (AICPA) professional code of conduct for financial reporting and objectivity. CPAs reported numerous incidents of peers walking away from public practice to avoid conflict from attempts to uphold ethical decision-making in financial reporting. A theme emerged from CPA experiences which described pressure from the CPA industry, within public practice, from peers and superiors, to not participate in context-based discussions, to include participating in research studies, which was linked to previous research which reported CPA self-policing of context-based discussions.

The Pre-Interview Survey

The pre-interview survey afforded preliminary data on perceptions of CPAs for influence of accounting ethical education requirements on their ethical decision-making preparedness to guide and encourage open expression of experiences during the interviews. The Pre-Interview Survey, (see Appendix B), is a Likert scale which measured CPA perceptions to include beneficial and effective college ethics learning activities, effectiveness of college accounting program ethical decision-making preparedness, ethical and moral issues affecting accounting, coverage of ethics in university accounting programs, and level of decision-making preparedness at graduation versus today. The survey was completed by all co-researchers in writing prior to

scheduled interviews. Results are reported, and then subsequently compared with the data collected from the face-to-face interview results.

Interpreting Pre-Interview Survey Perceptual Data

The survey questions 7 - 14 established categories for initial perceptual data as follows: (a) beneficial accounting learning experiences, (b) effectiveness of college programs for practical ethical decision-making, (c) ethics versus technical accounting concepts, (d) ethical and moral issues affecting accounting, (e) importance of ethical decision-making in public accounting, (f) should accounting programs increase coverage of ethical decision-making, (g) level of ethical decision-making at graduation, and (h) level of ethical decision-making today. The categories were not intended to evaluate efficacy of ethical training for current accounting programs, but were designed as a preliminary assessment for CPA perception of accounting ethics education requirements and their level of ethical decision-making preparedness, to inform and guide face-to-face interviews. The results, (see Table 4.1) are discussed, and later subsequently compared with data collected from face-to-face interview results.

Table 4.1

Results of Pre-Interview Survey Perceptual Categories by number of CPA co-researchers per available response

7. How beneficial was each leaning activity to your accounting learning experience?
(5 most beneficial – 1 least beneficial)

Activity	5	4	3	2	1	M	SD
Lectures	x8	x4	0	0	0	4.66	0.49
Homework	x7	x5	0	0	0	4.58	0.51
Case Studies	x6	x5	x1	0	0	4.42	0.67

Table 4.1

Results of Pre-Interview Survey Perceptual Categories by number of CPA co-researchers per available response

In-Class Individual Activities	0	x7	x2	x2	x1	3.25	1.05
In-Class Group Activities	0	x3	x6	x2	x1	2.92	0.90
Assigned Textbook Reading	x4	x5	0	x2	x1	3.75	1.36

8. My college Accounting Program adequately prepared me for practical ethical decision-making. (5 strongly agree – 1 strongly disagree)

5	4	3	2	1	M	SD
x1	x3	x2	x4	x2	2.75	1.29

9. Accounting ethics is a more difficult concept than technical accounting skills. (5 strongly agree – 1 strongly disagree)

5	4	3	2	1	M	SD
x1	x3	x3	x3	x2	2.83	1.27

10. There are major ethical and moral issues affecting the world of accounting. (5 strongly agree – 1 strongly disagree)

5	4	3	2	1	M	SD
x10	x0	x1	x1	x0	4.58	0.99

11. Ethical decision-making is important in public accounting. (5 strongly agree – 1 strongly disagree)

5	4	3	2	1	M	SD
x12	x0	x0	x0	x0	5.00	0.00

12. University accounting programs should increase coverage of ethical decision-making. (5 strongly agree – 1 strongly disagree)

5	4	3	2	1	M	SD
x7	x2	x3	x0	x0	4.33	0.88

13. At college graduation, please rate your level of accounting ethical decision-making preparedness. (5 expert– 1 novice)

Table 4.1

<i>Results of Pre-Interview Survey Perceptual Categories by number of CPA co-researchers per available response</i>							
	5	4	3	2	1	M	SD
	x0	x2	x4	x6	x0	2.67	0.78
14. Please rate your level of accounting ethical decision-making preparedness as of today. (5 expert– 1 novice)							
	5	4	3	2	1	M	SD
	x1	x10	x1	x0	x0	4.00	0.43

The values for question 7, learning activities, gathered data from CPAs to rate accounting program learning activities from most beneficial (5) to least beneficial (1). The values established for questions 8 through 12, asked CPAs to rate accounting ethics perceptual data from strongly agree (5) to strongly disagree (1). Questions 13 and 14 asked CPAs to rate accounting ethical decision-making preparedness at graduation and today, from expert (5) to novice (1). The following results emerged from pre-interview perceptual data collection. The results portray the individual and collective portrait of CPA co-researchers' initial perceptions of accounting ethics education requirements and their level of ethical decision-making preparedness.

Question seven, designed to assess CPA perception for beneficial accounting learning activities, generated the following results: lectures as most beneficial with $M = 4.66$ out of 5.0 and $SD = 0.49$, homework second, $M = 4.58$ and $SD = 0.51$, case studies $M = 4.42$ and $SD = 0.67$, assigned textbook reading $M = 3.75$ and $SD = 1.36$, in-class individual activities $M = 3.25$ and $SD = 1.05$, and in-class group activities with $M = 2.92$ and $SD = 0.90$. This implied Virginia CPAs learned most effectively from informative

lectures, followed by homework assignments and case studies where students apply the concepts on an individual basis. In addition, the results further suggested Virginia CPAs learned least effectively through assigned textbook readings, in-class, and group activities. These results are aligned with the theoretical framework of Kolb's (2005) experiential learning and Kohlberg's (1979) theory of cognitive development, which indicated Virginia CPAs best learn context-based concepts through experiential learning where concepts are described, then perfected through hands on repetitive.

Question eight was not designed to evaluate efficacy of ethical training for current accounting programs, but was included to assess Virginia CPAs' perception of effectiveness of college accounting programs for practical ethical decision-making on a scale of (5) for strongly agree to (1) for strongly disagree. The result was $M = 2.75$ and $SD = 1.29$. This indicated Virginia CPAs perceived college accounting programs as average for effectiveness in ethical decision-making preparedness. The results denote potential opportunity for accounting program improvement to increase CPA ethical decision-making preparedness.

Question nine was constructed to assess CPAs' perception of accounting ethics as a more difficult concept than accounting technical skills on a scale of (5) for strongly agree to (1) for strongly disagree. The result was $M = 2.83$ and $SD = 1.27$, suggesting CPAs perceived accounting ethics as a slightly more difficult concept than accounting technical skills. The results revealed potential opportunity for increased and effective accounting program coverage of ethical decision-making.

Question 10 was developed to assess if CPAs' perceived major ethical and moral issues affecting the world of accounting on a scale of (5) for strongly agree to (1) for

strongly disagree. The result was $M = 4.58$ and $SD = 0.99$, proposing the Virginia CPAs overwhelmingly perceived ethics and moral issues which impact accounting in public practice. The results are aligned with previous research which conveyed accounting as a major contributor the 2008 financial crisis (Financial Crisis Inquiry Commission, 2011). In addition, the results revealed potential opportunity for increased and effective accounting program coverage of ethical decision-making preparedness.

Question 11 was included to assess CPAs' perception for importance of ethical decision-making in public accounting on a scale of (5) for strongly agree to (1) for strongly disagree. The result was $M = 5.00$ and $SD = 0.00$, intimating Virginia CPA co-researchers unanimously perceived ethical decision-making as important in public accounting. The results are aligned with research which reports the necessity of ethical decision-making preparedness in public accounting to decrease intentional and fraudulent accounting and financial reporting. In addition, the results reveal potential opportunity for increased and effective accounting program coverage of ethical decision-making preparedness.

Question 12 was not designed to evaluate efficacy of ethical training for current accounting programs, but was developed to assess Virginia CPAs' perception of need to increase coverage of ethical decision-making in college accounting programs on a scale of (5) for strongly agree to (1) for strongly disagree. The result was $M = 4.33$ and $SD = 0.88$. This implied Virginia CPA co-researchers overwhelmingly perceived the need to increase coverage of ethical decision-making in college accounting degree programs. In addition, the results suggested potential room for increased and effective accounting program coverage of ethical decision-making preparedness.

Question 13 was designed to assess CPAs' perception for level of accounting ethical decision-making preparedness at graduation on a scale of (5) for expert and (1) for novice. The result was $M = 2.67$ and $SD = 0.78$, implying Virginia CPA co-researchers perceived their level of ethical decision-making at graduation as simply familiar, with potential room for increased and effective accounting program coverage of ethical decision-making preparedness.

Question 14 was included to assess CPAs' perception for level of accounting ethical decision-making preparedness today on a scale of (5) for expert and (1) for novice. The result was $M = 4.00$ and $SD = 0.43$, indicating Virginia CPA co-researchers increased their level of ethical decision-making during professional careers working in public accounting, through on-the-job training in real time with real financial reporting. In addition, the results signal potential opportunity for increased and effective accounting program coverage to increase and enhance ethical decision-making preparedness upon graduation. The results aligned with research which reported the necessity of ethical decision-making preparedness in public accounting to decrease inaccurate accounting and financial reporting which results from on-the-job training (Ashe & Nealy, 2010).

Summary

The pre-interview survey, not designed to evaluate efficacy of ethical training for current accounting programs, revealed preliminary perceptions of Virginia CPAs for influence of accounting ethics education requirements on their level of ethical decision-making preparedness. Virginia CPAs unanimously indicated necessity for ethical decision-making in public accounting, with major ethical and moral issues impacting the profession. College accounting programs were described as average for effectiveness in

ethical decision-making preparedness, and CPAs overwhelmingly described the need to increase coverage of ethical decision-making in college accounting degree programs. With accounting ethics described as a slightly more difficult concept than accounting technical skills, informative lectures, followed by case studies for application, were described as most effective learning activities, while textbook reading and group activities least effective for real-world ethical decision-making. Ethical decision-making preparedness at graduation was described as familiar, and experienced at time of study. The CPA descriptions suggested potential opportunity for increased and effective accounting program coverage to increase ethical decision-making preparedness of college accounting program graduates.

Episodic Interview Data Analysis and the Research Questions

In the face-to-face interviews, per Moustakas (1994), a set of interview questions guided the study, carefully designed to elicit a descriptive portrayal of the phenomenon, rich and layered in textures and meanings. To guide interviews, the episodic interview guide was created (see Appendix C). Narrative-episodic and semantic-conceptual knowledge questions were not designed to evaluate efficacy of ethical training for current accounting programs, but explored Virginia CPA co-researchers' perceptions for the influence of accounting ethical education requirements on their ethical decision-making preparedness (Flick, 2007), and answered the research questions. The face-to-face interview was completed by all twelve Virginia CPA co-researchers.

According to Bernard and Ryan (2010), to construct themes through descriptions of CPA knowledge and experiences, narratives were used for the context in which CPA ethical decision-making experiences are made, while semantic questions solicited rich

descriptions for normal, rule-based, and generalized knowledge across multiple ethical decision-making situations and experiences (Flick, 2007). Narratives were collected from Virginia CPAs who experienced the phenomenon with open-ended episodic interview questions, then through probing for additional descriptions. For larger studies, with a sample size in excess of six, measuring recurrence across cases is vital (Smith, Flowers, & Larkin, 2011). As a result, primary, secondary, and tertiary themes are reported, within the framework of the research questions, triangulated and synthesized with data collected from pre-interview surveys.

Research Question 1

How does the practicing CPA describe his or her perception of ethical decision-making in relation to CPAs?

Ethical decision-making, as an ambiguous term, has varying definitions, and the meaning to CPAs is a combination of personally identified ethics, morals, and perceptions of right versus wrong. CPAs, as members of the American Institute of Certified Public Accountants (AICPA), voluntarily assume an obligation of self-discipline, integrity, ethical decision-making. Additionally, CPAs are expected to perform professionally with high standards of technical skills, integrity, and ethical decision-making in an industry guided by self-discipline and self-governance (Federal Accounting Standards Advisory Board website, 2011; Ferrell, Daniels, & Ferrell, 2009; Lane & O'Connell, 2009; Pratt & McLaughlin, 1989; Shortridge & Smith, 2009).

Research highlighted inaccurate accounting and effects of unethical decision-making as a major contributor to the 2008 U.S. Financial Crisis (Bucciarelli, Khemlani, & Johnson-Laird, 2008; Financial Crisis Inquiry Commission, 2011; Sinn, 2008).

However, research is lacking on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Therefore, Research Question 1 examined ethical decision-making in light of its meaning to Virginia CPAs in public practice, with primary, secondary, and tertiary themes reported (see Table 4.2).

Table 4.2

Research Question 1; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
What do you link with “ethical decision-making” in relation to CPAs?	Underlying foundations which drive the behavior of CPAs	Doing the right thing; morally and ethically	Professional code of conduct
What has influenced your idea of CPA ethical decision-making in particular?	Parents’ and teachers’	Christian background	Repercussions to innocent people
Do you have the impression that your idea of CPA ethical decision-making has changed in the course of your professional life?	Confidence definitely increased as experience was gained	Decisions now tempered with experience and practicality	Integrity and Honesty are now much more than words
Do you have the impression that the way you handle the issue of ethical decision-making has changed compared to earlier times?	More aware of structure in making decisions	More deliberate with ethical decision making	No
Do you have the feeling that your private practices referring to ethical decision-making influence your professional practice as	Doing the right thing is a mindset; applies to both personal and professional life	Individual actions reflect on professional practices	Ethics cannot be turned on or off

Table 4.2

Research Question 1; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
a CPA?			
What does it mean to you, to promote ethical decision-making in your professional practice as a CPA?	Teach and encourage others to make ethical decisions	Lead by example	Speak up when ethics are being violated
Have your professional practices as a CPA changed in the last few years where it concerns ethical decision-making?	No	Rules have increased scrutiny	Increased confidence in speaking up

Synthesis of Ethical Decision-Making

Ethical decision-making, from perceptions of CPA co-researchers, emerged as both systemic and functional themes. Systemically, ethical decision-making was overwhelmingly described as the underlying foundation which drives the behavior of CPAs. One co-researcher described,

I link ethical decision making as one of the underlying foundations that drive the behavior of CPAs in their professional relationships and responsibilities to clients and colleagues. My association with the term is that it is one of the keystones to the accounting profession and business in general. (SN9100)

Ethical decision-making as the underlying foundation of CPA behavior and the primary emerging theme is directly aligned with the results of the pre-interview survey. On the pre-interview survey, all 12 CPA co-researchers rated importance of ethical decision-making in Public Accounting as a five out of five.

The secondary systemic theme which emerged for ethical decision-making, described by a majority of CPA co-researchers, was doing the right thing morally and ethically. One co-researcher explained,

When there are alternative courses of action that we can pursue professionally, we must always think about broader issues; how could this be perceived by the public; am I doing the right thing and following our professional code of ethics but also making a moral and ethical decision on a purely human scale in accordance with my own values? (LE9130)

Finally, the tertiary theme, described by several CPA co-researchers, was the Professional Code of Conduct. A co-researcher stated, “First, our Professional Code of Conduct guides me.”

Functional themes. Functional themes emerged for ethical decision-making from perceptions of CPA co-researchers.

Influences on ethical decision-making. Parents and teachers was the primary theme reported overwhelmingly by CPA co-researchers. One co-researcher explained, “The main thing that has affected my CPA ethical decision is the same thing that affects all my ethical decision making; what my parents and teachers taught me about honesty.” Christian background was the secondary theme described by a majority of co-researchers. A co-researcher explained, “One thing most influences my idea of ethical decision-making; my Christian background.” A repercussion to innocent people was the tertiary theme described by several CPA co-researchers. One co-researcher explained, “What influences me most is to know that if CPAs fail in their charge, innocent people can lose everything and families can even be destroyed.”

Changes in ethical decision-making during professional practice. For perceptions if CPA ethical decision-making has changed in the course of professional life, confidence increasing with experience was the primary theme reported overwhelmingly by CPA co-researchers. Described by a co-researcher, “I do think that my confidence level to make these ethical calls definitely increased as I gained experience.” Decisions now tempered with experience and practicality was the secondary theme reported by a majority of CPA co-researchers, with one stating,

I believe that I have cared intensely about the image that our profession has with the public and about my own personal code of values from the very beginning. If anything, my decisions are now tempered with experience and practicality, and I may not be as compulsive about being absolutely ethical no matter what the client wants. (LE9130)

The tertiary theme reported by several CPA co-researchers was integrity and honesty are now much more than words. One co-researcher explained, “I’m more adamant than ever that integrity and honesty are much more than words and critical to our profession’s survival, they take serious effort some would call “guts” in order to uphold.” The themes are aligned with the responses to the pre-interview Survey and four completed timeline drawings, where a majority of CPA co-researchers reported ethical decision-making skills as increasing with time and experience.

Private influencing professional practices. For perceptions if private practices of ethical decision-making influence professional practice as a CPA, doing the right thing in personal and professional life was the primary theme reported overwhelmingly by CPA co-researchers. A co-researcher answered, “Absolutely! Doing the right thing is a

mindset that applies to both personal and professional life”. Individual actions reflect on professional practices was the secondary theme reported by a majority of CPA co-researchers. A co-researcher explained, “Yes, I do believe that individual actions reflect on your professional practices. If you are going to commit adultery, the action reflects on you as an individual but also as a professional”. Ethics cannot be turned on or off was the tertiary theme reported by several CPA co-researchers, and described by a co-researcher as, “Yes, absolutely. I don’t believe that ethics can be turned on or off. Whether in my personal life or professional life, I make the same ethical decisions”.

Promoting ethical decision-making in professional practice. For perceptions of meaning to the CPA on promoting ethical decision-making in professional practice, teach and encourage others to make ethical decisions was the primary theme reported overwhelmingly by CPA co-researchers. One co-researcher explained, “To me this means to teach and encourage others to make ethical decisions. I do this by explaining my thought process to others and standing up for what I believe is the right thing to do”. To “lead by example” was the secondary theme reported by a majority of co-researchers. To speak up when ethics are being violated was the tertiary theme reported by several co-researchers, described by one as, “To me, this means that you will speak up anytime you believe something is unethical. That you won’t stay silent because doing the right thing is going to be harder or make people upset”.

Changes in professional practices of ethical decision-making. For perceptions of professional practices as a CPA changed in the last few years where it concerns ethical decision-making, no change was the primary theme reported overwhelmingly by CPA co-researchers. As described by one co-researcher, “My professional practices concerning

ethical decision-making have not changed in the last few years. Throughout, I have tried to be fair and honest”. Rules have increased scrutiny was the secondary theme reported by a majority of CPA co-researchers, as explained by one, “Yes; somewhat. Rules and regulations have increased; for example, circular 230 plus other IRS rules have forced increased scrutiny.” Increased confidence in speaking up was the tertiary theme reported by several CPA co-researchers. One co-researcher stated, “The way that I approach a situation has changed. Instead of getting advice from someone close to my level as far as how to handle a situation, I am more confident in speaking up directly”.

Research Question 1 Summary

The Virginia CPA co-researcher described his or her perception of ethical decision-making in relation to CPAs as the underlying foundation of CPA behavior, doing the right thing, and the Professional Code of Conduct, influenced by parents and teachers, Christian background, and repercussions to innocent people. In addition, the co-researchers perceived confidence, practicality, deliberation, structure, and ability to speak up as changing with experience, rules, and regulations, while doing the right thing is a mindset which applies to both personal and professional life, individual actions reflect on professional practices, and ethics cannot be turned on or off.

Research Question 2

How does the practicing CPA describe his or her perception of ethical decision-making preparedness?

Research highlighted ethical decision-making preparedness as a blend of knowledge, rules, perception, and verifiable or circumstantial information, and requires education to compliment theory and technical skills with practical application appropriate

with matters CPAs confront in practice (International Federation of Accountants, 2006). According to the Occupational Outlook Handbook (2011), CPAs must have aptitudes for mathematics, analysis, comparison, interpretation, communication, technology, but above all else high standards of ethical decision-making. Therefore, Research Question 2 examined CPA perceptions of ethical decision-making preparedness in light of its meaning to Virginia CPAs in public practice, with primary, secondary, and tertiary themes reported (see Table 4.3).

Table 4.3

Research Question 2; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
What does “ethical decision-making preparedness” mean for you?	Proper training and education	Combination of real-world experience and education	Knowing the rules
What role does “ethical decision-making preparedness” play in your life?	Annual Ethics CPE requirement	Accounting Ethics in the news	Always be prepared for potential unethical issues
When you think back, what was your most important experience with “ethical decision-making preparedness” in your professional life as a CPA?	Difference of opinions for standards/pronouncements	Researching in authoritative sources	First audit as CPA
Do you have the impression that your idea of ethical decision-making preparedness has changed in the course of your professional	Becomes more important over time	No	Need more emphasis in college

Table 4.3

Research Question 2; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
life as a CPA?			
What makes it clear for you, in your professional life as a CPA, that a CPA has ethical decision-making preparedness?	Standing firm on principles and adhering to rules	Research complex or ethical issues	Ethics training

Synthesis of Ethical Decision-Making Preparedness

Ethical decision-making preparedness, from perceptions of CPA co-researchers, emerged as both systemic and functional themes. Systemically, ethical decision-making preparedness was overwhelmingly described as proper training and education, the primary theme. One CPA explained, “I associate ethical decision-making preparedness with training and education. Generally, acting in an ethical manner should be second nature. However, if a true decision is needed, you should know how to approach the situation.”

Training and education as the primary theme and underlying foundation of ethical decision-making preparedness is aligned with the pre-interview survey results. On the pre-interview survey, only one CPA, 8%, responded with strongly agree for college accounting program adequately preparing the CPA for practical ethical decision-making, three, 25%, responded with somewhat agree, while four, 33%, responded with somewhat disagree, and two, 16% responding with strongly disagree. Although the vast majority of CPAs described training and education as the foundation of ethical decision-making

during face-to-face interviews, 50% indicated less than sufficient college accounting education for practical ethical decision-making in real-world CPA practice.

The secondary systemic theme which emerged for ethical decision-making preparedness, described by a majority of CPAs, was the combination of real-world experience and education, and described as,

A combination of real world experience and education that aids in making decisions which have a deeper level of complexity than the typical yes/no answer. My associations with the terms are 20 years of finance/accounting experience and studying for the CPA exam. (MN9112)

Finally, the tertiary systemic theme, described by several CPAs, was to know the rules. A CPA co-researcher stated,

To me, ethical decision-making preparedness means knowing when something may violate an ethical standard. I don't expect myself to know all of the ins and outs of them without looking them up, but I do expect that I know when to keep my mouth shut until I've had a chance to look into an issue prior to discussing or taking a stance on a matter. I often find that I'm fairly certain that I know the correct ethical approach, but out of an abundance of caution I research it to be sure. (LE9132)

Functional themes. Functional themes emerged for ethical decision-making preparedness from perceptions of CPA co-researchers.

Roles of ethical decision-making preparedness. For perceptions of roles ethical decision-making preparedness plays in the life of the CPA, annual required Ethics Continuing Professional Education was the primary theme reported overwhelmingly by

CPAs, as explained by one CPA co-researcher, “We now have the Ethics requirement for CPE. It's just an annual reminder of what is considered ethical and unethical”.

Accounting ethics in the news was the secondary theme reported by a majority of CPAs.

A CPA co-researcher stated, “I also keep up with ethics in the news”. To always be prepared for potential unethical issues was the tertiary theme reported by several CPAs.

One CPA co-researcher described,

If I know that I am going to be dealing with something that I am not knowledgeable about, I educate myself. For example, if we are going to start using new practices at work, like putting inventory on consignment, I study up on what the rules are for recording transactions. (SN9100)

Most important experience with ethical decision-making preparedness.

For perceptions of the most important experience with ethical decision-making preparedness as a CPA, difference of opinions for standards and accounting pronouncements was the primary theme reported overwhelmingly by CPAs. Researching within authoritative sources was the secondary theme reported by a majority of CPAs.

Described by one CPA co-researcher, “A typical situation is researching issues where I need more information to make decisions, through some authoritative sources”. The “first audit as a CPA” was the tertiary theme reported by several CPAs.

Changes in idea of ethical decision-making preparedness. For perceptions of whether the CPA idea of ethical decision-making preparedness has changed in the course of CPA professional practice, becoming more important over time was the primary theme reported overwhelmingly. No change was the secondary theme reported by a majority of CPAs. One CPA co-researcher explained, “No, I think I’ve had

the same idea of what this has meant throughout my professional life”. Ethical decision-making preparedness needs more emphasis in college was the tertiary theme as described by several CPAs, and described by one CPA co-researcher as,

I think that my idea of ethical decision-making preparedness has changed somewhat in the course of my professional life. I have come to believe that there should be even more than a focus on ethics than there is. For example I think now that a separate ethics class would be a good requirement. (SN9100)

What makes it clear a CPA has ethical decision-making preparedness?

For perceptions of what makes it clear that a CPA has ethical decision-making preparedness, “standing firm on principles and adhering to rules” was the primary theme conveyed overwhelmingly by CPAs. Researching complex or ethical issues was the secondary theme reported by a majority of CPAs. A CPA co-researcher explained,

I know someone is prepared for ethical decisions when I see that they don’t take a definitive position on a complex or ethically charged issue without taking time to research it. I find that often people who are quick with an answer are megalomaniacal and megalomania clouds ethical judgment. (LN9125)

Ethics training was the tertiary theme reported by several CPAs and described by one as,

I think that a CPA has ethical decision-making preparedness if he or she has taken classes and continues to obtain CPE that is relevant to what they do. For example, if they are an auditor, they should have studied all the auditing standards and continue to keep up with changes and refresh themselves. (SN9100)

Research Question 2 Summary

The Virginia CPA co-researcher described his or her perception of ethical decision-making preparedness as effective education and training, combination of education and real-world experience, and knowledge of the rules, with required Annual CPE requirements, accounting ethics in the news, and preparation for potential unethical issues as playing a major role in ethical decision-making preparedness. Although differences of opinions for accounting standards and pronouncements, research in authoritative sources, and the first audit as a CPA were reported as the most important experiences with ethical decision-making preparedness, ethical decision-making preparedness becomes more important over time, with increased emphasis on ethical decision-making preparedness needed in college accounting programs. A CPA demonstrates ethical decision-making preparedness by standing firm on principles and adhering to rules, researching complex and ethical issues, and continued ethics training.

Research Question 3

How does the practicing CPA describe his or her perceptions of accounting ethics learning activities in college degree programs?

Research stressed accounting students' ethical decision-making preparedness as not aligned with public accounting demands for today's CPAs (Fleming et al., 2009). As reported by Madison and Schmidt's (2006) qualitative study, ethics education was integrated within accounting-specific courses versus specific standalone courses for ethical decision-making preparedness. Colby and Sullivan (2008) reported ethical decision-making preparedness best acquired through student-centered hands on educational learning activities and apprenticeships. However, Hurt (2006) suggested

predominate teacher-centered methods of ethics education as inadequate to develop accounting majors' ethical decision-making preparedness.

Effective accounting ethics education must incorporate theory with real-world application, and translate learned concepts into ethical actions (King, 2010; Lewis, Massey, & Harris, 2007; McCarthy, 2010; NG et al., 2009; Weil et al., 2004). An IFAC (2006) study reported student-centered learning activities consistent with experiential learning theory as most suitable methods for accounting ethics education, to include case studies, hands-on activities, written analysis, and formal presentations by accounting students. However, during the time of the study, teacher-centered objective activities and competency checklist activities remained the primary accounting ethics instructional methods (IFAC, 2006).

Research is lacking on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Although not intended to evaluate efficacy of ethical training for current accounting programs, Research Question 3 examined college accounting ethics learning activities in light of activities most effective to increase and enhance CPA ethical decision-making preparedness, and least effective instructional methods for enhancing CPA ethical decision-making. Meanings to Virginia CPAs in public practice, with primary, secondary, and tertiary themes, are reported (see Table 4.4).

Table 4.4

Research Question 3; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
When you think back, what were the most effective ethics and	Case studies	Don't recall any ethical decision-making learning	Teachers relaying real-world

Table 4.4

Research Question 3; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
ethical decision-making learning activities in your college accounting ethical education?		activities	experience
When you think back to your college accounting ethics education, what teaching methods were least effective in enhancing your learning of ethical decision-making?	Reading assignments	Memorization	Lectures with no practical examples

Synthesis of College Accounting Ethics Learning Activities

College accounting ethics learning activities, from perceptions of CPA co-researchers, emerged as systemic themes.

Most effective learning activities. For perceptions of most effective ethics and ethical decision-making learning activities in required college accounting education programs, case studies was the primary theme reported overwhelmingly by CPAs, and quoted by one as, “The most effective method for me was case studies of actual accounting scandals. I like dealing with real situations instead of abstract ones, finding out the motivations behind people’s actions and the consequences of poor ethical decision making”. This theme is aligned with results reported by CPAs on the pre-interview survey, where six of 12 respondents indicated case studies as most beneficial, and five respondents indicated case studies as somewhat beneficial. CPAs not recalling any ethical decision-making learning activities was the secondary theme reported by a

majority of co-researchers. This secondary theme was aligned with results of the pre-interview survey, where six of 12 respondents reported 0 ethics college credit hours. “Teachers relaying real-world experiences” was the tertiary theme reported by several CPAs. Although this theme was not covered on the pre-interview survey, it is aligned with research indicating through experiential learning, accounting students learn by doing, by working on problems and cases which allow evaluation of alternatives and arrival at answers logically (Beard & Wilson, 2006; Bucciarelli et al., 2008; Kolb, 2005; NG, Dyne, & Ang, 2009).

Least effective learning activities. For perceptions of least effective teaching methods to enhance CPA learning of ethical decision-making, reading assignments was the primary theme reported overwhelmingly by CPAs, and described by one as, “I would say independent reading was least effective. I like to have discussions and interaction surrounding the topic of ethical decision-making”. This theme is not aligned with the results reported on the pre-interview survey, where four of 12 respondents indicated reading as most beneficial while five respondents indicated reading assignments as somewhat beneficial. Memorization activities were the secondary theme from a majority, with one CPA stating, “Memorization of rules to use for ethical decision making was the least effective method for me. For example, memorizing AICPA guidelines for decision making is not as effective as seeing those actual guidelines applied”. Lectures without practical examples was the tertiary theme, and described by one CPA as, “The least effective methods of teaching were lectures where we were told what do to and what decisions to make, and not being forced to think on our own”. Memorization and lectures as least effective learning activities for ethical decision-making were also not aligned

with the results reported on the pre-interview survey, where eight of the 12 respondents indicated lectures and most beneficial while four respondents indicated lectures as somewhat beneficial.

Research Question 3 Summary

The CPA co-researcher described his or her perception of accounting ethics learning activities in college degree programs as case studies most effective for ethical decision-making learning, followed by no recollection of any ethical decision-making learning activities, then teachers relaying real-world experiences. Reading assignments were reported as the least effective teaching method for learning ethical decision-making, followed by memorization, then lectures without practical examples.

Research Question 4

How does the practicing CPA describe his or her perception of accounting degree program ethics education influence on his or her informed ethical decision-making preparedness?

Corporate financial scandals, financial crisis, and ongoing accounting education controversy underscored an academic responsibility to educate accounting students to make informed ethical decisions when they prepare, audit, report, or use financial results (King, 2010). In addition, substantial research highlighted the decline in moral reasoning and ethical decision-making standards of CPAs (McPhail, 2006; Uysal, 2010). However, little research exists on perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness (McPhail, 2006; Uysal, 2010). Therefore, Research Question 4, not designed to evaluate efficacy of ethical training for current accounting programs, explored college accounting ethics

education in light of influences Virginia CPAs perceived as effecting ethical decision-making preparedness, whether accounting ethics education effectively prepared the CPAs for ethical decision-making, and what relevance CPAs perceived accounting ethics education should have for recognizing ethical dilemmas and CPA overall ethical decision-making preparedness. Meanings to Virginia CPAs in public practice, with primary, secondary, and tertiary themes, are reported (see Table 4.5).

Table 4.5

Research Question 4; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
What does the influence of accounting ethics education on a CPA's ethical decision-making preparedness mean for you?	Provide the CPA with guidelines on how to make ethical decisions, and give them situations to evaluate which involve ethical decision making.	Help CPAs be much more prepared to make ethical decisions.	Students should be exposed to case studies with examples of unethical behavior and fraud
Do you have the impression that your accounting ethics education prepared you sufficiently for the issues of ethical decision-making?	No. Need real world experience and examples.	Not necessarily. Learned the rules and laws but already knew right from wrong.	No. It's easy in the classroom to determine right and wrong.
If you think of recognizing ethical dilemmas and ethical decision-making in your professional work as a CPA, what relevance should a required accounting ethics education have for CPAs?	Train CPAs to recognize an ethical dilemma and give guidelines on how to deal with it.	Make new accounting professionals aware of situations involving unethical behavior and related consequences.	Raise awareness and inform students on what tools are available for dealing with ethical situations.

Synthesis of Accounting Degree Program Ethics Education Influence on Informed Ethical Decision-Making Preparedness

Accounting degree program ethics education influence on informed ethical decision-making preparedness, from perceptions of Virginia CPA co-researchers, emerged as both systemic and functional themes. Systemically, accounting degree program ethics education influence on informed ethical decision-making preparedness was overwhelmingly described as “to provide the CPA with guidelines on how to make ethical decisions, and give them situations to evaluate which involve ethical decision-making”, the primary theme. To help CPAs be much more prepared to make ethical decisions, was the secondary theme as reported by a majority, and quoted by one CPA as, “Accounting ethics education helps CPA’s be much more prepared to make ethical decisions”. “Accounting students should be exposed to case studies with examples of unethical behavior and fraud” was quoted by one CPA and the tertiary theme as reported by several.

Functional themes. Functional themes emerged for accounting degree program ethics education influence on informed ethical decision-making preparedness. For impression that accounting ethics education prepared the CPA sufficiently for issues of ethical decision-making, the primary theme reported overwhelmingly by Virginia CPA co-researchers and quoted by one was, “no, students need real-world experience and examples. There are way too many complex situations to cover in a class or two.” This theme is aligned with the pre-interview survey results where six of 12 respondents indicated college accounting programs did not adequately prepare the CPA for practical ethical decision-making, while two respondents responded as neither adequate or inadequate, and only one respondent perceived strongly that college accounting programs

did adequately prepare the CPA for practical ethical decision-making. The secondary theme reported by a majority of co-researchers was CPAs learned the rules and laws but already knew right from wrong; “It is easy in the classroom to determine right from wrong” was the tertiary theme as described by one and reported by several CPA co-researchers.

For perception of what relevance should a required accounting ethics education have for CPAs, “train CPAs on how to recognize an ethical dilemma and give guidelines on how to deal with it” was the primary theme overwhelmingly reported by Virginia CPA co-researchers. The secondary theme reported by a majority of CPAs was make new accounting professionals aware of situations involving unethical behavior and related consequences. One CPA explained,

I think that a required accounting ethics education should contain real life professional situations that could occur. I also believe though, that it should contain personal situations to require students to think about things they can relate to their lives at that point in time. (SE9107)

The tertiary theme reported by several Virginia CPA co-researchers was raise awareness and inform students on what tools are available for dealing with ethical situations.

Research Question 4 Summary

The Virginia CPA co-researcher described his or her perception of accounting degree program ethics education influence on informed ethical decision-making preparedness as to provide the CPA with guidelines on how to make ethical decisions, give them situations to evaluate which involve ethical decision-making, to help CPAs be much more prepared to make ethical decisions, and students should be exposed to case

studies with examples of unethical behavior and fraud. Although CPA co-researchers overwhelmingly indicated accounting ethics education did not sufficiently prepare them for issues of ethical decision-making, a majority reported learning the rules and laws in college while already knowing right from wrong, and several reported it was easy in the classroom to determine right and wrong, but not in the real world.

Research Question 5

What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness?

Research highlighted accounting graduates in high demand and placed in real-world positions which require strong accounting technical skills combined with professional standards of accounting ethical decision-making, but not effectively taught the required combination of real-world skills (Beard & Wilson, 2006; Calvert, Kurji, & Kurji, 2010; Fleming, Romanis, & Lightner, 2009). In addition, research suggested ethics as not adequately covered in traditional accounting programs, while most stakeholders agreed ethics should be an integral part of an accounting curriculum (Shawer, 2006).

There is lack of research from perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Therefore, Research Question 5, not designed to evaluate efficacy of ethical training for current accounting programs, examined and explored elements Virginia CPAs perceived as necessary changes in college accounting ethics requirements in light of increasing CPA levels of ethical decision-making preparedness. Meanings to Virginia CPAs in

public practice, with primary, secondary, and tertiary themes, are reported (see Table 4.6).

Table 4.6

Research Question 5; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
Do you have the impression the required college accounting ethics education components prepare new graduates sufficiently for issues of ethical decision-making in public accounting?	No. Ethics classes are needed but classroom vs. real life is very different.	Depends on where students receive their education.	Not aware of current requirements.
Do you have the impression there are negative consequences from a lack of CPA ethical decision-making preparedness?	Yes; CPAs are very rules focused. It is critical they have a better awareness regarding complex ethical situations which present themselves.	Yes; without good information CPAs are less likely to make good decisions.	Based on examples from the annual ethics training for Virginia CPAs, there are negative consequences for a lack of CPA ethical decision-making preparedness.
If you think of the recent 2008 U.S. Financial Crisis, do you have the impression there is a connection between accounting ethics education and CPA ethical decision-making preparedness to the crisis?	Yes; there is a connection. Accountants involved in scandals were educated technically, but not well-educated on how to properly make ethical decisions.	No; we can't legislate morality or ethics.	It is hard to tell if this is innate or education related.

Table 4.6

Research Question 5; Themes by Interview Questions

Interview Question	Primary Theme	Secondary Theme	Tertiary Theme
Do you have the impression changes are needed in required accounting program ethics requirements?	Yes; need more practical hands on training.	Yes; there should be a required course on ethics exclusively for accountants	Yes; case studies and discussions on consequences for unethical behavior.

Synthesis of Necessary Changes to College Accounting Program Ethics Requirements

Necessary changes to college accounting program ethics requirements, from perceptions of Virginia CPA co-researchers, emerged as both systemic and functional themes. Systemically, for impressions that required college accounting ethics education components prepare new graduates sufficiently for issues of ethical decision-making in public accounting, the primary theme overwhelmingly reported by Virginia CPAs and explained by one was, “college programs did not sufficiently prepare graduates, and ethics classes are needed while classroom decision-making differs from real-world”.

This theme is aligned with the results reported on the pre-interview survey; two of the 12 respondents indicated a strong disagreement for accounting programs adequately preparing the CPA for practical ethical decision-making, four indicated disagreement, two indicated a neutral response, three agree, and only one respondent indicated strongly agree. The secondary theme reported by a majority of CPAs was it depends on where students receive their education. As described by one CPA co-researcher,

I think this largely depends on where students are receiving this ethics education.

If the program is exemplary and has the resources to provide students with real

life examples and to force them to think outside their comfort zone, then yes I do. I think the training I received in college was excellent. However, some colleagues that I have talked to did not have the same experience in their education. So I think answer largely depends on the school and circumstances. (SE9107)

Several CPAs reported no awareness of current requirements as the tertiary theme, with one quoting, “I cannot really speak to this as I am only familiar with the college accounting program ethics in place at the time I attended college and have not had significant contact with recent CPA graduates”. This theme is aligned with the pre-interview survey, where seven of the 12 Virginia CPA co-researchers graduated more than 10 years prior to participating in the study.

Functional themes. Functional themes emerged for necessary changes to college accounting program ethics requirements.

Negative consequences from lack of ethical decision-making preparedness. For impressions of negative consequences from a lack of CPA ethical decision-making preparedness, as the primary theme, Virginia CPA co-researchers overwhelmingly reported “yes, CPAs are very rules focused, and it is critical they have a better awareness regarding complex ethical situations which present themselves”. The secondary theme reported by a majority of Virginia CPA co-researchers is “without good information, CPAs are less likely to make good decisions”. The tertiary theme reported by several Virginia CPA co-researchers is “based on examples from the annual ethics training for Virginia CPAs, there are negative consequences for a lack of CPA ethical decision-making preparedness”. These themes are aligned with the results reported on the pre-interview survey, where seven of 12 respondents indicated they strongly agreed university accounting programs should increase coverage of ethical decision-making, and

two respondents indicated they agreed university accounting programs should increase coverage of ethical decision-making. Of particular significance, no respondents indicated they disagreed or strongly disagreed university accounting programs should increase coverage of ethical decision-making.

Connections. For perceptions of a connection between accounting ethics education, CPA ethical decision-making preparedness, and the 2008 U.S. Financial Crisis, the primary theme overwhelmingly reported by Virginia CPAs and explained by one is, “yes there is a connection, that accountants involved in scandals were educated technically, but not well educated on how to properly make ethical decisions”. The secondary theme reported by a majority of Virginia CPAs is “no; we can’t legislate morality or ethics”. The tertiary theme described by several Virginia CPAs and explained by one is, “it is hard to tell if this is innate or education-related”. These themes are aligned with the results reported on the pre-interview survey, where 10 of 12 Virginia CPA co-researchers indicated strongly agree for major ethical and moral issues affecting the world of accounting.

Changes needed in college accounting program ethics requirements. For impressions for changes needed in required college accounting program ethics requirements, more practical hands on training was the primary theme reported overwhelmingly by Virginia CPA co-researchers. A required course on ethics exclusively for accountants was the secondary theme reported by the majority of Virginia CPAs, with one co-researcher stating,

Yes. At the time I went to school, ethics was an element of each class, but I didn’t have a required class specifically on accounting ethics. Considering the

importance the VBOA (Virginia Board of Accountancy) places on ethics and the effect that poor ethical decision making has had on the accounting profession, it might be good to have a class just on ethical decision making for accountants.

(SN9100)

The tertiary theme reported by several Virginia CPA co-researchers was to add case studies and discussions on consequences for unethical behavior. These themes are directly aligned with the results reported on the pre-interview survey, where seven of 12 respondents indicated they strongly agreed university accounting programs should increase coverage of ethical decision-making, and two respondents indicated they agreed university accounting programs should increase coverage of ethical decision-making.

Research Question 5 Summary

The Virginia CPA co-researcher described his or her perception of necessary changes to college accounting program ethics requirements as adding ethics classes, although ethics classes and real-world differ, changes depend on where students receive their education, with several CPAs not aware of current requirements. The Virginia CPA co-researcher perceived negative consequences from a lack of CPA ethical decision-making preparedness, suggested it is critical CPAs have a better awareness regarding complex ethical situations, perceived without good information CPAs are less likely to make good decisions, and reported there are many examples of negative consequences of a lack of CPA ethical decision-making during the required annual ethics training for Virginia CPAs. Virginia CPA co-researchers overwhelmingly perceived a connection between accounting ethics education, CPA ethical decision-making preparedness, and the 2008 U.S. Financial Crisis. As a result, Virginia CPA co-researchers overwhelmingly

perceived necessary changes to required college accounting program ethics requirements, to include more practical hands on training, a required course exclusively for accountants, with case studies and discussions on consequences for unethical behavior.

Emergent Themes

Although research and interview questions provided a framework and organization for Virginia CPA co-researcher data-analysis and reporting, important and unexpected additional themes emerged. Being open to additional emerging themes increased the accuracy of investigations, and decreased the risk of premature selection of thematic categories (Van Kaam, 1966). CPA reluctance to participate in context-based research emerged early, from initial sampling attempts which produced 0 willing Virginia CPA co-researchers from 12,000+ invitations. The theme of CPA Firm efforts to encourage CPAs to violate guidelines, or CPA perception of it, emerged early in the interview process. An additional theme which emerged during the interview process was CPAs walking away, leaving the industry, to avoid pressure to violate guidelines.

CPA Reluctance to Participate

Although CPA reluctance to participate was unexpected, unforeseen, and unanticipated by me, the theme renders the study results potentially more substantial for accounting education, the CPA industry, and society than outlined in the study design. When initial sampling attempts produced 0 participants, I conducted additional literature reviews. In a study published by Gendron (2000), United States Public Accounting Firms had a history of refusing to participate in context-based research, and exemplified CPA Firm efforts to police the development of academic knowledge; seeking to direct research on technicalities and mitigating risk that research may tarnish the CPA

profession's legitimacy. The unexpected theme of CPA reluctance to participate and CPA Firm efforts to police context-based research participation could have huge repercussions to academia, accounting, and future financial crises, and thereby suggests necessary and valuable future research.

CPA Firm Efforts to Encourage CPAs to Violate Guidelines

According to The Financial Crisis Inquiry Commission (2011), it was not uncommon for Public Accounting Firms to encourage and/or pressure CPAs to violate Generally Accepted Accounting Principles, Securities Exchange Commission regulations for financial reporting, and Internal Revenue Service taxation requirements. Although it was unforeseen that Virginia CPA co-researchers would willingly describe and disclose numerous personal examples of such unethical practices, this was a benefit of using open-ended questions in the phenomenological approach. As revealed by a co-researcher,

I had a deputy who I suspected was trying to steer contracts to his or her private yet-to-be firm. In fact, after leaving us he in fact was awarded contracts contrary to what I understood was the cooling-off rules and without a legal letter saying the deal was ethical. In short, after I raised this with my firm director, I was relieved of duties and transferred to another group unrelated to accounting in hopes that I'd fail at my job or leave. I am happy to report that my former superior is now serving his or her third year of a four year prison term for stealing \$1million from the New Orleans Housing Authority. The Federal Prosecutor told me that when my firm failed to act on my inquiry, they actually emboldened my

former superior to commit even greater crimes and lucky for us he finally got caught.

As described by an experienced Virginia CPA from a large accounting firm,

It's a real shock to know that not even the professional accounting firm is really prepared to help you so how can they pretend to encourage "preparedness" when they aren't prepared either culturally, morally or logistically? For example, why are practitioners encouraged to call the AICPA or State Board when neither of these organizations is prepared to stand behind the CPA? What amount of trust and faith should CPA's have in these organizations if they are unprepared to assist the practitioner with legal defense costs against retaliation or lost wages in case of an improper dismissal or the CPA being forced to leave her job?

An additional experienced Virginia CPA from a different large accounting firm explained,

I served as an intern while completing my coursework in the first CPA firm in which I had ever worked. A partner gleefully held a document up to the window over a form on which a deceased client's signature appeared so that she could sign this document on behalf of the client who had not signed it prior to her death six months earlier.

The theme of Accounting Firm efforts to encourage CPAs to violate guidelines has potential ramifications to academia, accounting, and future financial crises, and thereby advocates essential and beneficial future research.

CPAs Walking away from the Industry to Avoid Pressure to Violate Guidelines

Virginia CPAs described walking away to mean leaving the accounting industry. CPAs walking away from the accounting industry to avoid pressure to violate guidelines was an unexpected, unforeseen, and unanticipated theme. However, the theme depicts the study results as potentially more important for accounting education, the CPA as an industry, and society than originally designed for the study. CPAs, as members of the American Institute of Certified Public Accountants (AICPA), voluntarily adopt a contract of self-discipline, integrity, ethical decision-making, and professional responsibility to the public, clients, and peers (American Institute of Certified Public Accountants website, 2012). However, CPAs expected to perform professionally with high standards of technical skills, integrity, and ethical decision-making in an industry guided by self-discipline and self-governance are now voluntarily leaving the industry to protect their reputations (Federal Accounting Standards Advisory Board website, 2011; Ferrell, Daniels, & Ferrell, 2009; Lane & O'Connell, 2009; Pratt & McLaughlin, 1989; Shortridge & Smith, 2009). A Virginia CPA co-researcher elaborated with,

I was pressured for several years to violate the AICPA Code of Conduct through violation of the independence requirement. In our firm, we acted as accountant, tax preparer, and business consultant to the same clients in direct violation of the independence requirement designed to prevent functioning in more than one capacity to the same client. In addition, we were advised as a matter of policy to overinflate revenues and underinflate expenses for clients applying for bank loans. I finally left the industry to avoid the conflicts.

According to Brewster (2003), Certified Public Accountants (CPAs) once held a reputation for technical skills, modest ambitions, and dedication to public interest, but were being viewed as profit-maximizing salespeople focused on profit and financial gain versus preserving public trust (Brewster, 2003). The Ashe and Nealy (2010) study reported abundant accounting scandals caused corporate bankruptcies, created massive financial losses for investors, contributed to the 2008 U.S. financial crisis, and decreased the number of practicing CPAs in the U.S. Studies suggested a loss of public confidence and trust in the integrity of financial statements and CPA ethical decision-making, with a restructure of accounting ethical policies, procedures, and guidelines potentially necessary to prepare and communicate accurate financial results through financial statements (Magilke, Mayhew, & Pike, 2009; Uysal, 2010; Young, 2009). As a result, the theme of CPAs walking away from the accounting industry to avoid pressure to violate guidelines has potential consequences to accounting higher education, accounting, and future financial crises, and so encourages crucial and constructive future research.

Data Analysis Summary

The purpose of this study was not to evaluate efficacy of ethical training for current accounting programs, but to understand the perceptions of Virginia Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Data was secured in four base areas: CPA ethical decision-making preparedness, accounting program ethics educational requirements, accounting program ethics learning activities, and CPA perceptions of necessary changes to accounting program ethics requirements. Results suggested the definition of ethical decision-making as doing the right thing at all times,

ethical decision-making preparedness as the education and experience to determine the right course of action, case studies as most effective ethics learning activities, lack of required ethics education in accounting programs, as well as increased stand-alone ethics courses and ethics incorporated in all accounting courses as potential changes to current accounting programs. Other emergent themes include CPA reluctance to participate in context-based research, CPA Firm efforts to encourage CPAs to violate guidelines, and CPAs leaving from the industry to avoid pressure to violate guidelines.

CHAPTER FIVE: DISCUSSION

Although lack of CPA ethical decision-making was determined a contributor to the 2008 financial crisis in the United States, there is a lack of research from perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. I had no preconceived assumptions as to potential outcomes, so the singular purpose of this study was not to evaluate efficacy of ethical training for current accounting programs, but to understand the perceptions of Virginia Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness. In this final chapter, I discuss my approach, discoveries, and relevance of results to me, the accounting industry, accounting education, and to society. Methods and procedures were critiqued, to include the limits and advantages of the design, and what I would do differently in future studies. Lastly, avenues for valuable future research are detailed.

Approach

Initial unsuccessful Virginia CPA participant recruitment was unexpected, emotional, and a professional growth and learning experience. Previous literature on CPA reluctance to participate in context-based research was not uncovered until my search as a result of unsuccessful initial recruitment attempts. Although recruitment in this study was designed to be an individual and isolated exercise, I was part of a cross-disciplinary dissertation advisement team, chaired by an experienced and senior School of Education professor, experienced School of Education research consultant, and School of Business Chair. To maintain a fully voluntary participation and unbiased study

without coercion, all available avenues were pursued in unsuccessful attempt to recruit valid and voluntary participants within the originally designed criterion sampling method. After IRB approval to change sampling protocol to convenience sampling (Appendix F), I requested from and was subsequently assisted by the VSCPA in disseminating the invitation to participate and Informed Consent Forms to 11,500 potential CPA participants in Virginia. As a result, through convenience and snowball sampling procedures, I successfully recruited the 12 Virginia CPA co-researchers necessary for a credible study as evidenced by ensuing thematic saturation.

Discoveries

Through the phenomenological design, with pre-interview surveys, episodic interviews, and timeline drawings, I gained a better understanding of Virginia CPAs' perceptions for ethical decision-making preparedness to extend existing knowledge on application of accounting ethics education in real-world decision-making in Virginia Public Accounting Firms, suggest relationships between ethics education requirements and CPA level of ethical decision-making preparedness, provide useful insight and information for accounting education programs to increase ethical decision-making preparedness of entry-level CPAs, and thereby decrease negative consequences of on-the-job ethics preparedness which results from unintentional and incorrect ethical decisions.

New and Additional Knowledge

The study provided new and added to existing knowledge and literature from perceptions of Virginia CPA co-researchers. Data analysis answered the focus of inquiry; perceptions of CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. Results of this study

answered the research questions, to include definition of ethical decision-making as doing the right thing at all times, ethical decision-making preparedness as the education and experience to determine the right course of action, case studies as most effective ethics learning activities, lack of required ethics education in accounting programs for effective decision-making preparedness, as well as increased stand-alone ethics courses and ethics incorporated in all accounting courses as potentially necessary changes to current accounting programs. In addition, unexpected results emerged, to include CPA reluctance to participate in context-based research, efforts to encourage CPAs to violate guidelines, and CPAs leaving the industry to avoid pressure to violate standards.

Ethical decision-making. Virginia CPA co-researchers' perception of ethical decision-making was doing the right thing at all times, and answered Research Question 1; how does the practicing CPA describe his or her perception of ethical decision-making in relation to CPAs? This description adds to and is aligned with the literature, which defines ethical decision-making as moral choices and decisions, rules of conduct with respect to right or wrong, and good or bad motives (Williams, 2011). Also, the description is aligned with the study's theoretical framework, which purports the cognitive perspective of ethical decision-making as development of reasoning foundations that evolve in sophistication and complexity. These results are significant, as ethical decision-making is central to CPAs, individuals, and entities which rely on their services; scrutinized by business, media, government regulators, and investors due to corporate scandals, and commands a critical analysis of ethics education which accounting students receive within their college degree programs.

Ethical decision-making preparedness. Virginia CPA co-researchers' perception of ethical decision-making preparedness was education and experience to determine the right course of action, and answered Research Question 2; how does the practicing CPA describe his or her perception of ethical decision-making preparedness in relation to CPAs? This description adds to and is aligned with the literature, which defined ethical decision-making preparedness as the adequate combination of accounting ethics education, accounting technical skills education, applicable learning activities, and suitable instructional methodologies to assist the CPA in identifying potential ethical dilemmas, alternative solutions, and reaching the action perceived as right versus acceptable. The description is also aligned with the study's theoretical framework. Kohlberg (1969) proposed that individuals develop thinking through experiences and understanding of justice, rights and equality, consistent with Kolb's (2005) experiential learning theories where structures of knowledge are learned, stored in long-term memory, within the context of original learning that affect a CPA's ability to apply knowledge in decision-making. These results are significant, as a potential exists to increase CPAs' ethical decision-making preparedness through effective ethics education.

Effective ethics learning activities. Virginia CPA co-researchers' perceived case studies as most effective ethics learning activities with textbook reading least effective, and answered Research Question 3; how does the practicing CPA describe his or her perceptions of accounting ethics learning activities in college accounting degree programs? This description adds to and is aligned with the literature, as a IFAC study (2006) reported the two most unsuitable teaching methods for accounting ethics education as mechanical, multiple choice or objective activities, and completion of

competency checklist activities. The same study suggested the following learning activities, consistent with experiential learning theory, as most suitable; video and case study, hands-on activities, written analysis, and formal presentations by accounting students. The description is also aligned with the study's theoretical framework. Through Kolb's (1984) Experiential Learning Theory (ELT), accounting education reported outcomes of higher student interest, increased understanding, increased retention, improved communication, interpersonal and problem solving skills, analytical and critical think skills. Although this study was not to evaluate efficacy of ethics training for current accounting programs, these results are significant, as studies indicated accounting programs and educators must devise new approaches to improve ethical decision-making preparedness, to focus on development of ethical thinking, thereby encourage students to consider ethical environments where today's global business and implications of ethical decision-making occur (Fleming et al., 2009).

Lack of required ethics education. Virginia CPA co-researchers perceived lack of required ethics education in accounting programs for effective decision-making preparedness, answering Research Question 4; how does the practicing CPA describe his or her perception of accounting degree program ethics education influence on his or her informed ethical decision-making preparedness? The description adds to and is aligned with the literature, as according to the AICPA (2012), early career CPAs are expected to possess strong accounting technical skills and professional standards of accounting ethical decision-making and judgment, but were not taught the skills with a real-world application approach. The description is also aligned with the study's theoretical framework. Kohlberg's (1994) theory on stages of moral development with Kolb's

(2005) experiential learning theory provided the underlying framework for accounting student ethical decision-making preparedness, when Kolb's (2005) model for concrete experiential classroom learning activities was applied to the accounting classroom. These results are significant, as ethics and moral reasoning components of accounting curricula could be potentially designed to foster increased development of reasoning, judgment, and ethical decision-making (Cheffers & Pakaluk, 2007).

Changes to current accounting programs. Virginia CPA co-researchers perceived increased stand-alone ethics courses with ethics incorporated in all accounting courses as necessary changes to accounting programs, answering Research Question 5; designed to gain a description of elements the CPAs perceive as necessary changes in college accounting ethics requirements to increase CPA levels of ethical decision-making preparedness. The Virginia CPA co-researcher description is aligned with and adds to the literature, as the AICPA suggested ethics components in the accounting curriculum to include ethical philosophy, ethical coursework in the accounting curriculum, and a capstone ethics and professionalism course to improve CPA ethical decision-making preparedness. While previous studies advocated ethics education as vital, necessary, and insufficient, lack of agreement for program and curriculum design, means and methods of delivery, and integrated versus pervasive approaches existed during the period of this study. In addition, the description is aligned with the study's theoretical framework. CPA realities are socially created and objectified through education, certification, membership, and human interaction, where actions of CPAs are intentional with meanings grounded in social and historical contexts, where social order is assumed and conflicts are resolved through shared meanings and norms (Chua, 1986). The AICPA's

increased focus on ethical accounting environments renders the study results significant, and provided a rationale to institutions of higher education for exploring potential modification of accounting program curriculum, and necessity for accounting graduates to understand the importance of ethical decision-making preparedness.

Reluctance to participate in context-based research. Virginia CPAs initial refusal to participate voluntarily in the research, however unforeseen and unexpected by the researcher, was an insight into the Virginia CPAs, individually and collectively, when research reported CPA dissatisfaction with having no voice in accounting research. The reluctance was aligned with literature, discovered only subsequent to initial unsuccessful participant recruitment. In a study published by Gendron (2000), United States Public Accounting firms had a history of refusing to participate in context-based research, and exemplified CPA Firm efforts to police the development of academic knowledge; seeking to direct research on technicalities and mitigating risk that research may tarnish the CPA profession's legitimacy. In addition, aligned with the study's theoretical framework, social construction of efforts existed through multilateral negotiations and between-firm discussions for joint decisions to refuse participation in subsequent research studies (Gendron 2000).

This result is significant, as according to Doran (2011), CPA practitioners were not invited to or included in the creation or governance of accounting education programs, and were often viewed as adjunct to the process; creating a unique opportunity to rethink accounting ethics education. However, when Virginia CPAs were provided the opportunity to voluntarily participate as practitioners in this study, the reluctance was overwhelming. This study adds to and is aligned with existing literature, and identified

the potential for additional hypothesis on a lack of CPA practitioners participating in the discussion. The results reported in this study, Virginia CPAs reluctance to participate, suggested a need and opportunity for valuable future study designs and research.

Efforts to encourage CPAs to violate guidelines. Virginia CPA Firm efforts to encourage CPAs to violate guidelines as described by CPA co-researchers add to findings as reported by the Financial Crisis Inquiry Commission (2011), of intentional disregard of accounting fundamentals and guidelines necessary for accurate and usable financial reporting. According to The Financial Crisis Inquiry Commission (2011), it was not uncommon for Public Accounting Firms to encourage and/or pressure CPAs to violate Generally Accepted Accounting Principles, Securities Exchange Commission regulations for financial reporting, and Internal Revenue Service taxation requirements. CPA descriptions are also aligned with the social constructivism framework, focused on how experiences of the CPA sociocultural world are perceived, interpreted, and understood, in a specific context and point in time (Moustakas, 1994). The results reported in this study, Virginia CPAs encouraged to violate accounting guidelines, are significant and suggest a need and opportunity for valuable future study designs and research.

CPAs leaving industry. Virginia CPA co-researchers described CPAs walking away from the accounting industry to avoid pressure to violate guidelines, and the constant decision of to stay or to go. This description is aligned with ethics being innate, developed through cognitive structures, influenced by family, religion, society, and the accounting industry. Ethical decision-making, influenced by socio-cultural dimensions, is the final decision of each individual. However surprising and disturbing, this

unexpected result is an indication for additional research to understand and curtail this trend.

Implications

The study was not intended to evaluate efficacy of ethical training for current accounting programs, however results of this study increased understanding for perceptions of Virginia Certified Public Accountants (CPAs) for the influence of accounting ethical education requirements on their ethical decision-making preparedness, and have implications to accounting education, accounting industry, and society. This study extended existing and provided new knowledge on accounting ethics education application in real-world ethical decision-making for Virginia CPAs in Public Accounting Firms.

Accounting Education

Accounting education should address the needs of all stakeholders, to include students, community, society, educational institutions, business and industry, and faculty. Results of the study, from perceptions of Virginia CPAs, add to previous literature which highlighted accounting ethics education was ineffective and insufficient for accounting graduate ethical decision-making. Virginia CPA co-researchers, in alignment with literature and the study's theoretical framework, perceived student-centered, experiential, hands-on instruction for real-world application as most effective for enhancing ethical decision-making. However, recent studies indicated the teacher-centered model of lecture, textbook reading, and objective assessments as prevalent in a majority of accounting programs. With literature reporting current accounting education as potentially inconsistent and ineffective for ethical decision-making preparedness,

supported by Virginia CPA co-researcher perceptions, educators have an opportunity to align accounting ethics education with CPA reported effective learning activities, Kohlberg's (1994) and Kolb's (2005) theories for cognitive learning, and societal demand for increased ethical decision-making from CPAs to protect the public interest; the historical purpose of accounting.

Stand-Alone Ethics Courses. Descriptions of Virginia CPA co-researchers in this study, aligned with literature reported, suggested stand-alone ethics courses as a potentially necessary change to required accounting degree programs. Although some colleges and universities are adding ethics courses to the degree program, there are no consistent requirements between schools as of the date of this study. This results in accounting graduates entering the industry with varying education and exposure, therefore with varying degrees of ethical decision-making preparedness. For an ethics course to be effective it would include the elements literature and Virginia CPA co-researchers described as beneficial to ethical decision-making preparedness.

Summary

Through literature reviewed, experiences with Virginia CPA co-researchers, and in my accounting classrooms a picture emerged of the accounting student, through education to public practice. In accounting education, one learning concept builds upon the previous, where failure to grasp one learning objective makes it difficult to understand the next. However, according to literature and Virginia CPA co-researchers, accounting programs have potential room for improvement in connecting the dots, enhancing accounting student ability to build a complete picture of accounting. Through experiential hands-on instruction, as described by Virginia CPA co-researchers and

literature, the student builds a solid foundation of each concept, individually and as part of the whole. However, the predominant method of instruction is not experiential and hands on, but rather lecture and textbook readings through objective assessment. To this educator, accountant, and member of society, for accounting graduates to have the best possible skill set when entering the accounting profession after graduation, we must make every attempt to design and implement an accounting curriculum matching skills required, with effective learning methods, learning activities, and opportunities for critical thinking for maximum ethical decision-making preparedness.

Accounting Industry

“No other single issue is of greater concern to accountants in industry and public accounting than ethics” (Ash & Nealy, 2010, p. 4). Civilized societies are built on foundations of ethical decision-making, and ethics should support all accounting actions. However, as described by Virginia CPA co-researchers, and aligned with literature, accounting fraud and scandals resulted in loss of trust in CPAs. Virginia CPA co-researchers described witnessing numerous incidents of disregard for accounting principles, and pressures to violate the guidelines. Educators have a potential opportunity to develop or enhance an accounting curriculum which matches the requirements of new accounting graduates with skills learned in accounting programs, to recognize an ethical dilemma, tools to determine options, and evaluation of potential outcomes.

Society

The historical purpose of accounting is to protect the public interest. Virginia CPA co-researchers described ethics as the foundation for accounting when preparing, auditing, reporting, and using financial results. Although the study was not intended to

evaluate efficacy of ethical training for current accounting programs, the Virginia CPAs also indicated accounting college programs as insufficient to effectively prepare new accountants for ethical decision-making. This result adds to and is aligned with literature, where deficits in accountants' ethical decision-making and judgment were listed as a major contributor of the 2008 U.S. financial crisis (Financial Crisis Inquiry Commission, 2011). Therefore, understanding accounting ethics educational programs and learning activities is necessary to prepare accountants and decrease repercussions to society potentially created by lack of ethical decision-making preparedness (Calvert et al., 2010; Duska & Duska, 2003). Educators must provide accounting and financial practitioners the learning environment and learning activities to effectively develop a useable, real-world level of ethical decision-making preparedness.

Summary

Accounting educators have the potential and responsibility to provide an accounting curriculum and experiential learning activities to match hard technical skills and real-world soft skills of accounting programs with the requirements and demands of accounting graduates immediately upon entrance into the profession. For the accounting industry, increased ethical decision-making preparedness of entry-level CPAs could subsequently decrease the negative consequences of on-the-job ethics preparedness which results from CPAs' unintentional and incorrect ethical decisions. As a result, the results have significance to society; a CPA with a higher level of ethical decision-making preparedness will increase his or her ability to recognize an ethical dilemma, the skills to evaluate the potential choices, and the moral reasoning strategies to make the most ethical

decision for accounting and financial reporting, thereby decrease negative consequences such as future financial crises.

Critique

To be an effective researcher and educational practitioner, I must always assess my methods and procedures. Although the open-ended phenomenological approach was an effective design for gaining Virginia CPA co-researcher described perceptions for the influence of accounting ethical education requirements on their ethical decision-making preparedness, the initial criterion sampling method failed to produce a sufficient number of Virginia CPA co-researchers. As a result, literature suggesting CPA reluctance to participate in context-based research was not discovered until my search to understand the initial refusal of Virginia CPAs to participate. Therefore, I was initially confident Virginia CPAs would be willing and open to participation in this important and relevant issue. However, I must always be aware of potential CPA perceptions for consequences inherent in openly divulging information which may be deemed as derogatory, inflammatory, or reflecting negatively on the industry. In future research with such potential sensitivity, I will proceed with increased caution and awareness, and design studies less prone to self-preservation reluctance, with instruments CPA co-researchers would find less endangering, such as surveys.

Limitations

One potential limitation of the study stems from selecting only co-researchers from the population of accountants tasked with public auditing and financial reporting responsibilities. This was a potential weakness, as it excluded CPA co-researchers outside of public accounting. CPAs in public accounting, as required by the study,

perform financial reporting and audits of corporate financial statements of public companies. A second limitation and potential weakness was to explore the current lived experiences of active and employed CPAs; unemployed, retired, or CPAs otherwise not actively part of a public accounting firm were not included. A third limitation and potential weakness was CPA co-researchers were required to have a minimum of one year of experience to participate in the study, thereby, excluded all CPAs with less than one year, to explore perceptions of CPAs not considered trainees. A fourth limitation and potential weakness was excluding CPAs working in government, corporate, or nonprofit organizations from participating, to explore CPAs in public accounting functions reported as responsible for financial reporting and audits which contributed to the 2008 U.S. financial crisis.

Use of a phenomenological research design, convenience sample, and volunteers' self-reporting measurements retrospectively, with gaps in time for CPA education and date of study, were potential limitations. The phenomenological design, although rendering descriptions not available through other methods, was a subjective approach. In addition, a convenience sample with self-reporting measurements was not a reflection of the Virginia CPA population. The gaps in time for CPA education and date of study could be a potential limitation. Finally, with only 4 of 12 Virginia CPAs completing the timeline drawing, I did not have sufficient data for overall triangulation. As a result, findings cannot be generalized to the population of Virginia CPAs.

Avenues for Future Studies

A result reported in this study, Virginia CPAs' overwhelming reluctance and refusal to participate, suggests a need and opportunity for additional study designs and

research. Lack of CPA ethical decision-making was reported as a major contributor of the 2008 financial crisis; a crisis that continues with high unemployment, foreclosures, declining United States credit ratings, and increasing United States debt. As a result, an increased understanding of Certified Public Accountants (CPAs) perceptions for the influence of accounting ethical education requirements on their ethical decision-making preparedness, hampered by CPA reluctance to participate in context-based research, provides opportunities for future research studies.

One potential future design to address ethical decision-making preparedness, while overcoming CPA refusal to participate in context-based research, is ethnography. An ethnographic study, to understand how the CPA culture works, would allow for direct observations of CPAs through extensive fieldwork in the public accounting setting. The results, through cultural description, would emerge from an extensive and lengthy period of a researcher residence in the public accounting setting. According to Moustakas (1994), a successful ethnographic study would require for a researcher who speaks the accounting language, has first-hand participation in the activities that take place, and would require willing CPA informants from within public accounting. This study would add to literature, as gaps exist from perceptions of CPAs in public accounting. To further understand CPA perception of accounting education requirements on ethical decision-making preparedness, a sample representative of the Virginia CPA population would be required. This study would also potentially add to understanding of why CPAs are reluctant to participate in context-based research.

Another potential future design is a collective, multi-site case study, to explore the ethical decision-making preparedness and/or CPA refusal to participate in context-based

research issues. Individuals could be recruited, as 3rd year accounting students, from multiple institutions of higher education, and followed through graduation and year one of public accounting. The study would be extensive and lengthy, and require the participants to become informants when employed at a public accounting firm. The study could render additional information and understanding of CPA perception of accounting education requirements on ethical decision-making preparedness over a period of time versus as a snapshot in time, while potentially enhancing understanding of CPA reluctance to participate in context-based research.

Conclusion

The study presents perceptions of a sample ($N = 12$) of Virginia CPAs for the influence of accounting ethical education requirements on their ethical decision-making preparedness. The study was not intended to evaluate efficacy of ethical training for current accounting programs. New discoveries were made which add to existing knowledge on CPAs, ethics, and context-based participation in research, thereby render the study a success. The study was grounded, designed, conducted, and reported from constructivist philosophical positions, and focused on how experiences of the CPA sociocultural world are perceived, interpreted, and understood, in a specific context and point in time (Moustakas, 1994). The phenomenon was approached with emphasis on exploration, discovery, and description, to understand realities from Virginia CPA perspectives and descriptions. The study and results are directly aligned with the paradigm reported by Weirich, Pearson, and Churyk (2010), where in social science, CPAs' ethical decision-making preparedness will always be social, intrinsically meaningful, and concept-dependent in relation to accounting practices and the

phenomenon; meanings are dependent on what they mean to the CPA society and its members.

The reports and theoretical concepts discussed frame the study results, in some ways not anticipated. They render the results potentially more substantial for accounting education, the CPA industry, and society than outlined in the original study design; unexpected, unforeseen, or unanticipated, as is directly aligned with the requirement of an unbiased study. The issue of addressing CPA education, ethics, and fraud is not going away. The Center for Audit Quality, an AICPA affiliate, is on the front line of an education offensive in the war on fraud, with the Antifraud Initiative; a series of webinars which began in September 2012 to focus on skepticism in financial reporting (Drew, 2012).

As reported in the recent *Journal of Accountancy* article by Drew (2012), CPAs are crucial in locating, preventing and stopping fraud, and as a result save immeasurable job loss and financial crises. According to Drew (2012), “that is the CPA’s opportunity and challenge” (p. 31). This researcher and educational practitioner will use the study results as applicable to participate in the evaluation, design, and implementation of future accounting curriculum, which includes stand-alone ethics courses, ethical decision-making integrated within all accounting courses, and experiential learning activities reported by Virginia CPA co-researchers and previous studies as most effective to increase CPA ethical decision-making preparedness.

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APPENDIX A: INFORMED CONSENT FORM

Adapted from; ("Liberty University IRB," 2011)

CONSENT FORM

(Study of the Influence of Accounting Ethics Education on
CPAs' Ethical Decision-Making Preparedness)

Ed.D Dissertation

Vicki D. Bealman

Liberty University, Education Department

You are invited to be in a research study to understand the influence of accounting ethics education on Certified Public Accountants' ethical decision-making preparedness.

You were selected as a possible participant because you are a practicing Certified Public Accountant in Virginia. We ask that you read this form and ask any questions you may have before agreeing to be in the study.

This study is being conducted by: Vicki D. Bealman, Doctoral Candidate, at Liberty University.

Background Information

The purpose of this study is to answer the following research questions:

1. How does the practicing CPA perceive "ethical decision-making" in relation to CPAs?
2. How does the practicing CPA perceive "ethical decision-making preparedness" in relation to CPAs?
3. How does the practicing CPA describe his or her perception for college ethics learning activities?
4. How does the practicing CPA perceive his or her accounting degree program's ethics education influence on his or her informed ethical decision-making preparedness?
5. What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness?

Procedures:

If you agree to be in this study, we would ask you to do the following things:

1. Complete a pre-interview written survey.
2. Participate in a one-on-one interview with the principle investigator that will be taped and transcribed.
3. Complete a timeline drawing.
4. Participate in follow-up conversations with researcher for clarification and verification of analysis and conclusions.

Risks and Benefits of being in the Study

The risks are no more than the participant would encounter in everyday life.

The benefits to participation are contributing to furthering research on accounting education programs and potential improvements to the quality of accounting graduates ethical decision-making abilities.

Confidentiality:

The records of this study will be kept private, stored on hard drives locked in the researcher's safe. The data will be destroyed upon completion of research project after the three-year retention period. The recorded interviews will be stored in the safe, and also destroyed after the three-year retention period. In any sort of report we might publish, we will not include any information that will make it possible to identify a subject. Research records will be stored securely and only researchers will have access to the records.

Voluntary Nature of the Study:

Participation in this study is voluntary. Your decision whether or not to participate will not affect your current or future relations with the Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

Contacts and Questions:

The researcher conducting this study is: Vicki D Bealman. You may ask any questions you have now. If you have questions later, **you are encouraged** to contact her at, (757)581-6668, or vbealman@liberty.edu.

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher(s), **you are encouraged** to contact the Human Subject Office, 1971 University Blvd, Suite 2400, Lynchburg, VA 24502 or email at irb@liberty.edu.

You will be given a copy of this information to keep for your records.

Statement of Consent:

I have read the above information. I have asked questions and have received answers. I consent to participate in the study.

Signature: _____ Date: _____

Signature of Investigator: _____ Date: _____

APPENDIX B: PRE-INTERVIEW SURVEY

(Bealman, October 2011)

Please answer all questions as accurately as possible. All responses will be kept confidential; with only aggregate data reported. Individuals will not be identified for any purpose. Thank you for participating in this research effort.

DIRECTIONS: Please check the box to indicate your response to each of the questions below.

Q-1 Gender: Female Male

DATE ON *FIRST* CPA LICENSE: _____ STATE: _____

Q-2 Ethnic Background:

- White Asian
 Black Other _____
 Hispanic

Q-3 Degree Obtained/Year:

- BA _____ MA _____ PhD _____
 BBA _____ MBA _____ DBA _____
 BS _____ MS _____ Other _____

Q-4 Total College Credit Hours:

- 120 121 to 150 151 and above

Q-5 Total Credit Hours in Stand-alone ethics courses:

- 0 9
 3 12
 6 Greater than 12

Q-6 Grade point average (GPA) for Accounting Courses completed:

- 4.0 2.5 to 2.9
 3.5 to 3.9 2.0 to 2.4
 3.0 to 3.4

Q-7 For each item below, please circle how beneficial it was to your accounting learning experience (1 least beneficial – 5 most beneficial; NA = Not Applicable)

Activity	Most Beneficial	Somewhat Beneficial	Neither	Less Beneficial	Least Beneficial	Not Applicable
Lectures	5	4	3	2	1	NA
Homework	5	4	3	2	1	NA
Case Studies	5	4	3	2	1	NA
In-Class Individual Activities	5	4	3	2	1	NA
In-Class Team/Group Activities	5	4	3	2	1	NA
Assigned Textbook Reading	5	4	3	2	1	NA

Circle your degree of agreement/disagreement with the following statements.

Q-8	My College Accounting Program adequately prepared me for practical accounting ethical decision-making.				
	Strongly Disagree 1	Somewhat Disagree 2	Neither 3	Somewhat Agree 4	Strongly Agree 5
Q-9	Accounting ethics is a more difficult concept than technical accounting skills.				
	Strongly Disagree 1	Somewhat Disagree 2	Neither 3	Somewhat Agree 4	Strongly Agree 5
Q-10	There are major ethical and moral issues affecting the world of accounting?				
	Strongly Disagree 1	Somewhat Disagree 2	Neither 3	Somewhat Agree 4	Strongly Agree 5
Q-11	Ethical decision-making is important in public accounting.				
	Strongly Disagree 1	Somewhat Disagree 2	Neither 3	Somewhat Agree 4	Strongly Agree 5
Q-12	University accounting programs should increase coverage of ethical decision-making.				
	Strongly Disagree 1	Somewhat Disagree 2	Neither 3	Somewhat Agree 4	Strongly Agree 5

Q-13 At college graduation, please rate your level of accounting ethical decision-making preparedness.

Novice	Unfamiliar	Familiar	Knowledgeable	Expert
1	2	3	4	5

Q-14 Please rate your level of accounting ethical decision-making preparedness as of today.

Novice	Unfamiliar	Familiar	Knowledgeable	Expert
1	2	3	4	5

APPENDIX C: EPISODIC INTERVIEW GUIDE

Episodic Interviews

Type of Interview Question	Description
S: Semantic	Parts of CPA everyday knowledge, where CPA co-researcher is asked questions for their subjective definitions or abstractive relations
E: Events	CPA co-researcher is asked to present narrative stimuli of situations referring to their subjective definitions and abstract relations

Adapted from Flick, U. (Ed.). 2007. *Managing quality in qualitative research*. Boston, MA: Pearson Education.

Statement to CPA Co-Researchers: *In this interview, I will repeatedly ask you questions and ask you to describe situations in which you have had experiences with accounting ethics education and its influence on your ethical decision-making preparedness.* (Statement to be made to co-researchers prior to beginning the interview)

How does the practicing CPA describe his perception of ethical decision-making in relation to CPAs?

- S-1:** What do you link with “ethical decision-making” in relation to CPAs? What are your associations with that term?
- E-2:** What has influenced your idea of CPA ethical decision-making in particular? Can you please tell me an example that makes this clear for me?
- E-3:** Do you have the impression that your idea of CPA ethical decision-making has changed in the course of your professional life? Please tell me a situation that makes this clear for me.
- E-4:** Do you have the impression that the way you handle the issue of ethical decision-making has changed compared to earlier times? Can you tell me an example that makes this clear for me?
- E-5:** Do you have the feeling that your private practices referring to ethical decision-making influence your professional practice as a CPA? Can you please tell me an example that makes this clear for me?
- E-6:** What does it mean to you, to promote ethical decision-making in your professional practice as a CPA? Can you please tell me an example that makes this clear for me?
- E-7:** Have your professional practices as a CPA changed in the last few years where it concerns ethical decision-making? Can you please tell me an example that makes this clear for me?

E-8: Would you please tell me how your day went yesterday? How, when, and where did ethical decision-making play a role in it?

How does the practicing CPA describe his or her perception of ethical decision-making preparedness?

S-9: What does “ethical decision-making preparedness” mean for you? What are your associations with that term?

E-10: What role does “ethical decision-making preparedness” play in your life? Could you please tell me a typical situation?

E-11: When you think back, what was your most important experience with “ethical decision-making preparedness” in your professional life as a CPA? Could you please tell me a typical situation?

E-12: Do you have the impression that your idea of ethical decision-making preparedness has changed in the course of your professional life as a CPA? Please tell me a situation that makes this clear for me.

E-13: What makes it clear for you, in your professional life as a CPA, that a CPA has ethical decision-making preparedness? Could you please tell me an example of this?

How does the practicing CPA describe his or her perceptions of college accounting ethics learning activities?

E-14: When you think back, what were the most effective ethics and ethical decision-making learning activities in your college accounting ethical education? Can you please describe an effective learning activity for ethical decision-making and why you found it effective?

E-15: When you think back to your college accounting ethics education, what teaching methods were least effective in enhancing your learning of ethical decision-making? Can you please describe a teaching method for ethical decision-making, and why it was not effective for you?

How does the practicing CPA describe his or her perception of accounting degree program ethics education influence on his or her informed ethical decision-making preparedness?

S-16: What does the influence of accounting ethics education on a CPA’s ethical decision-making preparedness mean for you?

E-17: Do you have the impression that your accounting ethics education prepared you sufficiently for the issues of ethical decision-making? Please tell me a situation that makes your impression clear for me.

S-18: If you think of recognizing ethical dilemmas and ethical-decision-making in your professional work as a CPA, what relevance should a required accounting ethics education have for CPAs?

What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness?

- E-19:** Do you have the impression that the required college accounting ethics education components prepare new graduates sufficiently for issues of ethical decision-making in public accounting? Please tell me a situation that makes your impression clear for me.
- E-20:** Do you have the impression that there are negative consequences from a lack of CPA ethical decision-making preparedness? Can you please tell me a situation that makes your impression clear to me?
- S-21:** If you think of the recent 2008 financial crisis, do you have the impression that there is a connection between accounting ethics education and CPA ethical decision-making preparedness to the crisis? Can you please describe a situation that makes your impression clear to me?
- E-22:** Do you have the impression that changes are needed in required college accounting program ethics requirements? If yes, can you please describe changes that will make your impression clear to me?

Note. Episodic interviews include semantic (S) and event (E) questions. Semantic interview questions prompt co-researchers for subjective definitions or abstract relations, while event interview questions prompt co-researchers to provide narratives of situations that refer to their subjective definitions and abstract relations.

*Questions 1 through 8 were developed to understand elements the CPAs perceive which influenced their ethical decision-making, how their ethical decision-making has changed during their professional life as a CPA, if CPAs' handling of ethical decision-making has changed over time, and how CPAs' personal ethical decision-making effects their professional ethical decision-making (Emerson et al., 2007). Question S-1 was specifically designed to obtain a general picture of ethical decision-making for CPAs, through subjective definitions and abstract relationships, of ethical decision-making for CPAs. Question E-2 was designed to obtain narrative of situations for the significant factors that influenced CPAs' ideas of ethical decision-making. Questions E-3 & E-4 were designed to obtain situational narratives of if and how CPAs' idea and handling of ethical decision-making has changed during their professional careers. Question E-5 was designed to explore any connection between the personal and professional ethical decision-making of CPAs through situational narratives. Questions E-6 and E-7 were designed to prompt situational narratives to understand what it means to CPAs to promote ethical decision-making, and if they perceive any changes in their professional practices in relation to ethical decision-making. Question E-8 was designed specifically to prompt situational narratives of any roles CPAs perceive ethical decision-making played in the preceding work day, for common threads in perceptions of the ethical decision-making phenomenon and actual practice. The basis for Questions 1 through 8 is grounded in the cognitive perspective of ethical decision-making, where development of cognitive reasoning foundations precipitate moral choices and decisions, purports that

cognitive moral development evolves in sophistication and complexity as additional cognitive moral structures are acquired (Fleming et al., 2009).

**Interview Questions 9 through 13 were developed to understand descriptions of CPA perceptions for elements of ethical decision-making preparedness, the role ethical decision-making preparedness has in their daily lives as a CPA, and if and how ethical decision-making preparedness may have changed over time in CPA professional practice (Fleming et al., 2009; King, 2010; Maksy & Zheng, 2008). Question S-9 was specifically designed to obtain a general picture of ethical decision-making preparedness for CPAs by prompting them to describe their subjective definitions and abstract relationships. Question E-10 was developed to gain situational narratives for descriptions for any roles ethical decision-making preparedness plays in CPAs' daily lives. Question E-11 was designed to gain descriptions of CPAs' most important experience with "ethical decision-making preparedness" in their professional life, by prompting them to describe their subjective definitions and abstract relationships, for common threads in perceptions of ethical decision-making preparedness phenomenon and actual practice. Question E-12 was designed specifically to explore if and how ethical decision-making preparedness has changed during the CPAs' professional careers by prompting them to describe their subjective definitions and abstract relationships. Question E-13 was designed to gain situational narratives of CPA descriptions for identifying CPA peers with ethical-decision making preparedness for common threads in perceptions of the ethical decision-making phenomenon and their described actual practice. CPAs' ethical decision-making preparedness will always be social, intrinsically meaningful, and concept-dependent in relation to accounting practices, while meanings are dependent on what they mean to the CPA society and its members (Weirich, Pearson, & Churyk, 2010).

***Interview Questions E-14 and E-15 were developed to gain situational narratives for descriptions of CPA perceptions for college accounting program ethics learning activities. I hope to gain common threads in CPA perceptions of accounting program ethics learning activities which were most effective in their ethical decision-making preparedness. The traditional accounting education curriculum is teacher-centered, relying on a lecture, textbook reading, and a textbook problem-solving format, measuring success by CPA Exam pass rates of graduates (Ashe & Nealy, 2010; Young, 2009). The basis of these questions is grounded in experiential learning theory, where accounting students learn by doing, by working on problems and cases that allow evaluation of alternatives and arrival at answers logically (Beard & Wilson, 2006; Bucciarelli et al., 2008; Kolb, 2005; NG, Dyne, & Ang, 2009).

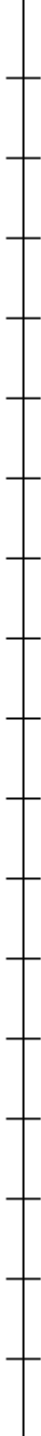
****Interview Questions 16 through 18 were developed to gain descriptions for influences of accounting ethics education the CPAs perceive as effecting ethical decision-making preparedness, whether accounting ethics education effectively prepared CPAs for ethical decision-making, and what relevance CPAs perceive accounting ethics education should have for recognizing ethical dilemmas and CPA overall ethical decision-making preparedness, to discover common threads (Emerson et al., 2007). Question S-16 was specifically designed to gain subjective definitions and abstract relations of any influence accounting ethics education has on CPA ethical decision-making preparedness. The purpose of Question E-17 is to gain situational narratives for whether accounting ethics

education prepared the CPAs sufficiently for ethical decision-making to uncover any common threads among the co-researchers. Question S-18 was specifically designed to gain subjective definitions and abstract relations for the relevance a required accounting ethics education should have on CPAs' ability to recognize ethical dilemmas and make ethical decisions. The basis of Questions 16 through 18 is grounded in the high demand for accounting graduates placed in real-world positions who are not effectively taught the effective application of real-world ethical decision-making and as a result are not prepared for recognizing ethical dilemmas and reaching ethical decisions (Beard & Wilson, 2006; Calvert, Kurji, & Kurji, 2010; Fleming, Romanis, & Lightner, 2009).

*****Interview questions 19 through 22 were developed to gain descriptions of elements the CPAs perceive as necessary changes in college accounting ethics requirements to increase CPA levels of ethical decision-making preparedness (AICPA, 2010; Emerson et al., 2007). Question E-19 was designed to gain subjective definitions and abstract relations for whether new accounting program graduates are sufficiently prepared for ethical decision-making in CPA Practice, while Question E-20 prompts subjective definitions and abstract relations for any perceived negative consequences from lack of CPA ethical decision-making preparedness. The basis of Questions 19 through 22 is grounded in studies that report the 2008 U.S. banking and financial crisis was a result of inaccurate and fraudulent accounting, diminished moral reasoning, and a decline in ethical decision-making standards of CPAs (Bucciarelli, Khemlani, & Johnson-Laird, 2008; Financial Crisis Inquiry Commission, 2011; Sinn, 2008). However, a review of literature reveals little research conducted on perceptions of Certified Public Accountants for the influence of accounting ethical education requirements on their ethical decision-making preparedness (McPhail, 2006; Uysal, 2010).

APPENDIX D: TIMELINE TEMPLATE
(Bealman, October 2011)

Timeline of _____

DATE	EVENT
	

APPENDIX E: IRB APPROVAL 1295.032612

IRB Approval 1295.032612: Certified Public Accountant Education and Ethical Decision-Making Preparedness: A Phenomenological Study Exploring the Connection IRB, IRB

Sent: Monday, March 26, 2012 2:48 PM

To: Bealman, Vicki Donna

Cc: Ray, Andrea L; IRB, IRB; Garson, Fernando

Attachments: BealmanApproval_3_12.pdf (363 KB) ; Annual Review Form.doc (34 KB)
; Change in Protocol.doc (33 KB)

Dear Vicki,

We are pleased to inform you that your above study has been approved by the Liberty IRB. This approval is extended to you for one year. If data collection proceeds past one year, or if you make changes in the methodology as it pertains to human subjects, you must submit an appropriate update form to the IRB. The forms for these cases are attached to your approval email.

Thank you for your cooperation with the IRB and we wish you well with your research project.

Sincerely,

Fernando Garzon, Psy.D.

IRB Chair, Associate Professor

Center for Counseling & Family Studies

(434) 592-5054

APPENDIX F: IRB CHANGE IN PROTOCOL APPROVAL 1295.032612

IRB Change in Protocol Approval: IRB Approval 1295.032612: Certified Public Accountant Education and Ethical Decision-Making Preparedness: A Phenomenological Study Exploring the Connection
IRB, IRB [IRB@liberty.edu]
Sent: Tuesday, October 16, 2012 12:47 PM
To: Bealman, Vicki Donna
Cc: IRB, IRB; Spaulding, Lucinda S; Ray, Andrea L; Garzon, Fernando

Good Morning Vicki,

This email is to inform you that your request to identify potential CPA research participants through purposeful, convenience sampling utilizing your known network of CPAs contacted via phone, to provide the informed consent form via EchoSign and to provide the pre-interview survey via SurveyMonkey utilizing a randomization process where a minimum of 10 CPAs will be randomly selected for the face-to-face interview, and to utilize snowball sampling to gain additional participants until saturation is achieved has been approved.

Thank you for complying with the IRB requirements for making changes to your approved study. Please do not hesitate to contact us with any questions.

We wish you well as you continue with your research.

Best,

G. Michele Baker
Institutional Review Board Coordinator
The Graduate School

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APPENDIX G: EPISODIC INTERVIEW TRANSCRIPT

Episodic Interviews

Type of Interview Question	Description
S: Semantic	Parts of CPA everyday knowledge, where CPA co-researcher is asked questions for their subjective definitions or abstractive relations
E: Events	CPA co-researcher is asked to present narrative stimuli of situations referring to their subjective definitions and abstract relations

Adapted from Flick, U. (Ed.). 2007. *Managing quality in qualitative research*. Boston, MA: Pearson Education.

How does the practicing CPA describe his perception of ethical decision-making in relation to CPAs?

S-1: What do you link with “ethical decision-making” in relation to CPAs?

I link “ethical decision making” with making choices with regard to techniques of reporting and presenting information.

What are your associations with that term?

Decisions made with a model based on ethics should focus primarily on presenting end users of information with the most accurate view of an organization’s performance, not on making an organization’s financials look good to those end users.

E-2: What has influenced your idea of CPA ethical decision-making in particular?

The main thing that has affected my CPA ethical decision is the same thing that affects all my ethical decision making – what my parents and teachers taught me about honesty. I’m lucky enough never to been put in a position where I’ve felt like my superior was asking me to do something unethical, but I have been in situations where I’ve felt compelled to ask questions to make sure that what I was doing was honest and fair.

Can you please tell me an example that makes this clear for me?

For example, I’ve been asked to record a transaction that had questionable merit as a business expense, asked questions, and determined it was not a transaction that should be recorded. Note: this was not a case of a superior trying to get me to do something unethical, it was just a lack of knowledge that caused this, but it’s the best example I could think of.

E-3: Do you have the impression that your idea of CPA ethical decision-making has changed in the course of your professional life?

Yes, it has changed somewhat.

Please tell me a situation that makes this clear for me.

Since I got the CPA title, I really take it seriously and don't want to do anything that would make somebody question my ethics. For example, like most people I never paid my consumer use tax on out-of-state purchases when I did my Virginia return. Part of this was because I didn't even realize you had to. Since becoming a CPA though, I keep track of my use tax and make sure to always remit the correct amount with my return.

- E-4:** Do you have the impression that the way you handle the issue of ethical decision-making has changed compared to earlier times?

I would say that over time I have slowed down and gotten more deliberate with my ethical decision making.

Can you tell me an example that makes this clear for me?

For example, I used to make a decision that involves ethics just using my gut feeling of what's right and wrong. Now I use more of a process and don't just go with my gut.

- E-5:** Do you have the feeling that your private practices referring to ethical decision-making influence your professional practice as a CPA?

Yes, definitely. Like I said earlier, my ethical decision making with regard to my CPA license really does not differ from any other type of ethical decision making.

Can you please tell me an example that makes this clear for me?

For example, I was always taught to follow the rules, so as a CPA I try to follow all accounting principles and tax rules.

- E-6:** What does it mean to you, to promote ethical decision-making in your professional practice as a CPA?

To me this means to teach and encourage others to make ethical decisions.

Can you please tell me an example that makes this clear for me?

I do this by explaining my thought process to others and standing up for what I believe is the right thing to do.

- E-7:** Have your professional practices as a CPA changed in the last few years where it concerns ethical decision-making?

No, my practices today are pretty much the same as they've been since I became a CPA.

Can you please tell me an example that makes this clear for me?

I have not had any situations that made me question how I do things.

E-8: Would you please tell me how your day went yesterday?

My days usually go well and I'm not faced with too many difficult ethical decisions.

How, when, and where did ethical decision-making play a role in it?

Yesterday I didn't really have to deal with any "CPA" type ethical decisions, but I did have to advise a co-worker on how to deal with an ethical issue.

How does the practicing CPA describe his perception of ethical decision-making preparedness?

S-9: What does “ethical decision-making preparedness” mean for you?

For me this means educating yourself in the areas in which you are going to be making decisions.

What are your associations with that term?

If you have not prepared yourself with the knowledge you need, you can't make a good ethical decision.

E-10: What role does “ethical decision-making preparedness” play in your life?

If I know that I am going to be dealing with something that I am not knowledgeable about, I educate myself.

Could you please tell me a typical situation?

For example, if we are going to start using new practices at work, like putting inventory on consignment, I study up on what the rules are for recording transactions.

E-11: When you think back, what was your most important experience with “ethical decision-making preparedness” in your professional life as a CPA?

My most important experience in ethical decision making preparedness was furthering my education by getting my master's degree in accounting.

Could you please tell me a typical situation?

A more typical situation is researching issues where I need more information to make decisions, through some authoritative source.

E-12: Do you have the impression that your idea of ethical decision-making preparedness has changed in the course of your professional life as a CPA?

I think that my idea of ethical decision-making preparedness has changed somewhat in the course of my professional life. I have come to believe that there should be even more than a focus on ethics than there is.

Please tell me a situation that makes this clear for me.

For example I think now that a separate ethics class would be a good requirement.

E-13: What makes it clear for you, in your professional life as a CPA, that a CPA has ethical decision-making preparedness?

I think that a CPA has ethical decision-making preparedness if he or she has taken classes and continues to obtain CPE that is relevant to what they do.

Could you please tell me an example of this?

For example, if they are an auditor, they should have studied all the auditing standards and continue to keep up with changes and refresh themselves.

How does the practicing CPA describe his perceptions of college accounting ethics learning activities?

E-14: When you think back, what were the most effective ethics and ethical decision-making learning activities in your college accounting ethical education?

The most effective method for me was case studies of actual accounting scandals.

Can you please describe an effective learning activity for ethical decision-making and why you found it effective?

I like dealing with real situations instead of abstract ones, finding out the motivations behind people's actions and the consequences of poor ethical decision making.

E-15: When you think back to your college accounting ethics education, what teaching methods were least effective in enhancing your learning of ethical decision-making?

Memorization of rules to use for ethical decision making was the least effective method for me.

Can you please describe a teaching method for ethical decision-making, and why it was not effective for you?

For example, memorizing AICPA guidelines for decision making is not as effective as seeing those actual guidelines applied.

How does the practicing CPA describe his perception of accounting degree program ethics education influence on his informed ethical decision-making preparedness?

S-16: What does the influence of accounting ethics education on a CPA's ethical decision-making preparedness mean for you?

To me this means providing the CPA with guidelines on how to go about making ethical decisions, and giving them situations to evaluate which involve ethical decision making.

E-17: Do you have the impression that your accounting ethics education prepared you sufficiently for the issues of ethical decision-making?

Yes, I think I was sufficiently prepared, but there is always room for improvement.

Please tell me a situation that makes your impression clear for me.

For example, the case studies of the scandals in the prior decade really drove home the importance of ethical decision making.

S-18: If you think of recognizing ethical dilemmas and ethical-decision-making in your professional work as a CPA, what relevance should a required accounting ethics education have for CPAs?

A required accounting ethics education should train CPAs on how to recognize an ethical dilemma and give them guidelines on how to deal with it.

What changes do practicing CPAs perceive as necessary for college accounting program ethics requirements as they relate to ethical decision-making preparedness?

E-19: Do you have the impression that the required college accounting ethics education components prepare new graduates sufficiently for issues of ethical decision-making in public accounting? Please tell me a situation that makes your impression clear for me.

I cannot really speak to this as I am only familiar with the college accounting program ethics in place at the time I attended college and have not had significant contact with recent CPA graduates.

E-20: Do you have the impression that there are negative consequences from a lack of CPA ethical decision-making preparedness?

Yes, I believe that if you aren't prepared to deal with ethical questions properly, when it comes time to deal with one you might make a poor decision, jeopardizing yourself, your employer, and your client.

Can you please tell me a situation that makes your impression clear to me?

For example, if you aren't taught how to handle a client telling you to do something that is questionable, you could be too cautious and upset your client or you might be not cautious enough and break a law or standard.

S-21: If you think of the recent 2008 financial crisis, do you have the impression that there is a connection between accounting ethics education and CPA ethical decision-making preparedness to the crisis?

Yes, I believe that there is a connection. I think that the accountants that were involved in these scandals had probably been educated very well as far as how to do their job, but probably had not been well-educated on how to properly make ethical decisions.

Can you please describe a situation that makes your impression clear to me?

For example, accountants involved with Enron, Phar-Mor, etc. probably knew the right thing to do, but didn't know how to deal with a client trying to do the wrong thing.

E-22: Do you have the impression that changes are needed in required college accounting program ethics requirements?

Yes. At the time I went to school, ethics was an element of each class, but I didn't have a required class specifically on accounting ethics.

If yes, can you please describe changes that will make your impression clear to me?

Considering the importance the VBOA places on ethics and the effect that poor ethical decision making has had on the accounting profession, it might be good to have a class just on ethical decision making.

APPENDIX H: REFLECTION MEMO EXCERPT FOR CPA #2 FOLLOWING FACE-TO-FACE INTERVIEW SESSION

CPA #2 Interview

December 23, 2012: Initial reflection memo following face-to-face interview with new CPA from small Public Accounting Firm in Virginia.

CPA presented as well-dressed professional, entering interview room confidently with a large cup of Starbuck's Coffee in hand. Throughout the interview, the CPA appeared comfortable, confident, was well-spoken, and maintained sense of humor.

CPA was forthcoming in interview, answering all questions, and provided examples when asked to support perceptions as described. He described his educational experience as enjoyable, but not adequately preparing him for real-world accounting experiences. On-the-job training was presented as the primary source of ethical decision-making preparedness, with little support for peers and managers perceived for doing the right thing. He appeared to become somewhat nervous when asked to elaborate on this, and we moved on to the next questions.

The CPA's next goal, as self-described, was to enroll in ethics training courses offered through the American Institute of Certified Public Accountants (AICPA), and possibly transition from public to corporate accounting in the near future.

APPENDIX I: EPISODIC QUESTION “S1” ANALYSIS EXCERPT

S1; What do you link with “ethical decision-making” in relation to CPAs? What are your associations with that term?

QUOTES

SN9100; Decisions made with a model based on ethics should focus primarily on presenting end users of information with the most accurate view of an organization’s performance, not on making an organization’s financials look good to those end users. **SE9107**; Doing the right thing every time, with every client. Speaking up when something doesn’t seem right, even if someone above you disagrees. **LN9124**; CPAs have an obligation to the public to make ethical decisions. **LN9125**; right and moral compass **LE9130**; When there are alternative courses of action that we can pursue professionally, we must always think about broader issues – how could this be perceived by the public? Am I doing the right thing and following our professional code of ethics but also making a moral and ethical decision on a purely human scale in accordance with my own values?

PHRASES

- Making right choices with regard to techniques of reporting and presenting information
- Philosophy class I took in college;
- Arthur Anderson/Enron Scandal, Sarbanes Oxley;
- One of the underlying foundations that drive the right behaviors of CPAs;
- Right relationships and responsibilities to clients and colleagues;
- Keystones to the accounting profession and business in general;
- Doing the right thing - both morally and ethically;
- Right actions one takes to make a decision;
- Without ethics the CPA license has no value;
- Required 2 hour course every year;
- Legal liability, malpractice and reputational harm;
- Professional Code of Conduct;
- Applicable accounting and auditing standard;
- Religious/spiritual beliefs that we should always do right thing and never do or cause harm;
- Concepts like right, fair, and honest,
- Right and wrong

THEMES

- Right choices

- Right and wrong
- Doing the right thing morally and ethically
- Always do the right thing
- Right Actions to make decisions
- Right, fair, and honest
- Right relationships to clients and colleagues
- Underlying Foundations driving right behaviors
- Accounting and auditing standards for right actions
- Cause no harm
- Professional Code of Conduct
- Required 2-hour annual CPA
- Legal liability, malpractice, and reputational harm
- Sarbanes Oxley
- Scandals
- CPA license value
- Religious and spiritual beliefs
- keystones to accounting and business
- Philosophy Class

RECURRING THEMES

- Underlying foundations driving right behaviors
- Underlying foundations for right choices
- Underlying foundation for CPA license value
- Keystones to accounting and business

- Right and wrong; morally and ethically
- Always doing the right thing morally and ethically
- Right Actions to make decisions

- Professional Code of Conduct
- Required 2-hour annual CPA