

An Investigation of the Ethical Reasoning Skills of Accountants and Career Experiences

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Since the myriad of financial debacles in the early 21st century, a focused interest on accountants' ethical reasoning skills has been unsuccessful in resolving future financial crimes in the United States (Palazzo & Rethel, 2008). Unfortunately, a Price Waterhouse Cooper's (2016) survey concluded fraud at the executive level increased by 4%. A review of the research infers inconclusive evidence of a relationship between higher ranked accounting positions and lower ethical reasoning skills when examining CPAs in the post-Sarbanes-Oxley (SOX) era, as the majority of research stems from the pre-SOX timeframe. The purpose of this quantitative, cross-sectional study was to examine various organizational levels of Certified Public Accountants (CPAs) and their ethical and social responsibility perceptions. Participants were recruited via an accounting research panel and used Singhapakdi's (1996) Perceived Role of Ethics and Social Responsibility Scale (PRESOR) to measure CPAs' perceptions of the importance of ethics and social responsibility to an organization's overall effectiveness. The researchers' findings indicate CPAs at mid-level positions encompass significantly different ethical and socially responsible perspectives when compared to CPAs at lower level and high-level positions within firms. Shafer (2015), using the PRESOR, found a significant relationship between accountants' ethical perceptions and organizational ethics in a convenience study of Chinese accountants, and called for more studies using the PRESOR on accountants. This research extends the literature on accountants' ethics and builds on Shafer's study by employing a random sample of CPAs in the United States.

Keywords: accounting ethics, certified public accountants (CPAs), PRESOR

INTRODUCTION

A Price Waterhouse Cooper's (2016) global economic crime survey indicated that the percentage of financial crimes committed by senior executives increased by 4% from the previous year. Since the onslaught of accounting scandals in the early 21st century, a focused interest on accountants' ethical reasoning skills has been unsuccessful in resolving future financial crimes in the United States (Palazzo & Rethel, 2008). In fact, West (2017) referred to accounting scandals as ongoing.

Ethical dilemmas in corporate America often develop when top management experience pressure to demonstrate financial earnings growth (Reidy & Theobald, 2011). Therefore, senior management might engage in unethical financial reporting or questionable earnings management to meet stock market

expectations (Reidy & Theobald, 2011). The purpose of this quantitative, cross-sectional study was to evaluate the ethical reasoning skills of Certified Public Accountants (CPAs) within different organizational levels of firms. Participants were recruited via an accounting research panel and used Singhapakdi's (1996) Perceived Role of Ethics and Social Responsibility Scale (PRESOR) to measure CPAs' perceptions of the importance of ethics and social responsibility to an organization's overall effectiveness. Shafer (2015), using the PRESOR, found a significant relationship between accountants' ethical perceptions and organizational ethics in a convenience study of Chinese accountants. Shafer called for more studies using the PRESOR on accountants, and this research extends the literature on accountants' ethics building on Shafer's study by employing a random sample of CPAs in the United States.

LITERATURE REVIEW

Accounting ethics remains a relatively new topic and its research contributions are small compared to findings related to business ethics (Bampton & Cowton, 2013). Research studies conclude that the ethical reasoning skills of CPAs with more experience have lower moral reasoning than individuals with less experience. For example, several studies confirmed that accountants at the staff and senior level in the audit profession demonstrated higher reasoning than audit partners and higher-level auditors (Poneman, 1990, 1992; Elias, 2002). Other research concluded that both CPAs and Certified Management Accountants (CMAs) in higher positions revealed lower reasoning skills when compared to accountants in junior level positions beyond the audit field (Etherington & Hill, 1998; Eynon, Hill, & Stevens, 1997; Poneman & Gabhart, 1993).

Yet, all these studies examined reasoning skills of CPAs before the Public Company Accounting Oversight Board (PCAOB) implemented the Sarbanes-Oxley (SOX) Act in 2002 with the collapse of Enron and Arthur Andersen (Schroeder, Clark, & Cathey, 2011). SOX intended to strengthen auditor independence to improve the value and transparency of public companies' financials (Blocher, 2006). Some advocates of SOX posit that during the pre-SOX era, auditors disregarded the Code of Professional Conduct's core value of objectivity and started answering to their clients instead of representing the public (Blocher, 2006).

PCAOB's SOX targeted financial executives by enforcing a newly mandated certification process to hold top management more accountable in regards to a firm's financial statements. Ultimately, SOX intended to hold the accounting profession liable for violating regulations and enforced stricter punishment on accounting professionals (Schroeder et al., 2011). The additional regulations significantly influenced external auditors and senior executives, as accountability and harsher consequences for fraudulent actions emerged. A review of the research literature indicates that higher ethical reasoning demonstrates a greater likelihood that a CPA will maintain independence (Liu & Ren, 2017). Thus, ethical reasoning skills in the accounting profession plays a significant role in maintaining investor confidence.

Alternatively, upon reviewing the research literature in regards to ethical reasoning and accounting experience, several studies concluded that no significant relationship existed (Gorjidoz & Greenman, 2014; Janosik, 2007; Karcher, 1996). Abdolmohammadi and Ariail, (2009) found an accounting professional's position did not relate to one's reasoning. However, Karcher (1996) found a positive relationship between the age of accountants and their ethical sensitivity.

Post-SOX

In the post SOX era, Gunz and Thorne (2019) noted there are very few investigations of accounting ethics. Recent research points to the conclusion that CPAs with high-level positions in an organization exhibit lower reasoning than accountants in lower level positions (Baada-Hirche & Garmilis, 2016). However, further research indicates the findings that high-level accountants exhibit lower reasoning skills may not be as conclusive (Conroy, Emerson, & Poms, 2009). One study demonstrated that the age of a CPA is a positive influential factor of reasoning skills and not organizational rank (Conroy et al., 2009).

Other studies concluded that no significant relationship existed in regard to ethical reasoning and accounting experience (Gorjidoz & Greenman, 2014; Janosik, 2007). Moreover, Abdolmohammadi and

Ariail, (2009) found an accounting professional's position did not relate to one's reasoning. Due to the conflicting research findings, the researchers see a gap in the literature regarding CPAs' ethical reasoning among various organizational levels.

THEORETICAL FRAMEWORK

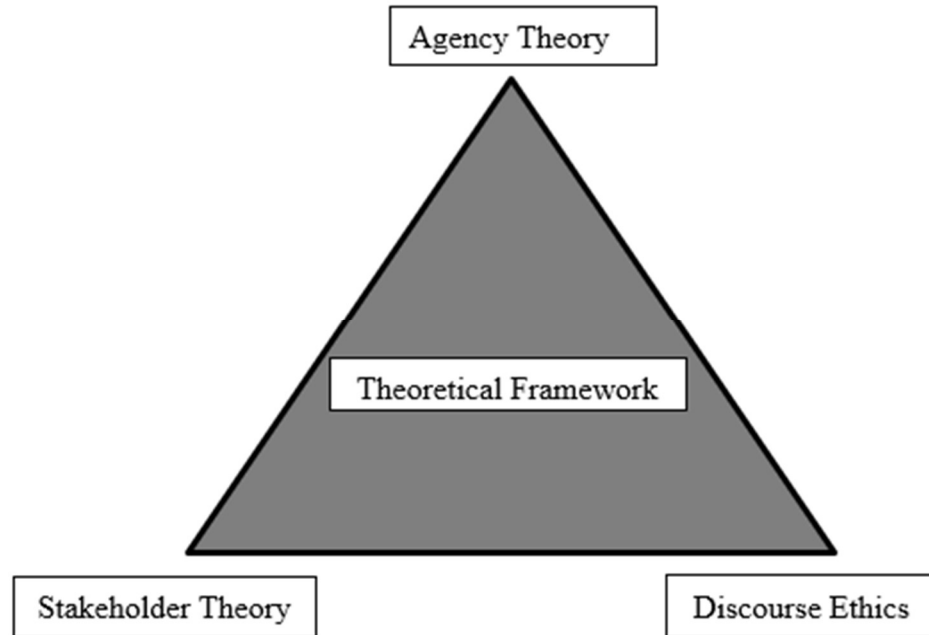
The theoretical framework for this investigation consists of agency theory, stakeholder theory, and discourse ethics. The foundation of ethical decision-making in the business environment conflicts with agency theory, which derives from an individual's natural tendency of self-interest. The idea of self-interest among executives in corporations was blamed for causing the onslaught of financial scandals in the early 21st century (Stevens & Thevaranjan, 2010). Consistent with agency theory, executives must be motivated to act ethically to avoid making decisions based on self-interest and greed (Carlin, 2009; Demarzo, Fishman, He, & Wang, 2012; Merchant, 2010; Ramdani & Witteloostuijn, 2012). Godos-Díez, Fernández-Gago, and Martínez-Campillo (2011) used an agency-stewardship model and concurred professionals nearer the stewardship model were more concerned with ethics and social responsibility.

The accounting profession prides itself on integrity and its responsibility to the public interest (Klimek & Wenell, 2011; Low, Davey, & Hooper, 2008). CPAs are often confronted with ethical dilemmas, which explains the need for developing and maintaining ethical reasoning skills throughout one's accounting career (Klimek & Wenell, 2011; Low et al., 2008). Even so, accountants have a responsibility to the public interest, supporters of agency theory consider most individuals utilize reasoning skills that will benefit oneself over others (Schroeder et al., 2011). Researchers conclude that accounting professionals are driven by self-interest via the idea of agency theory (Watts & Zimmerman, 1978).

Additionally, researchers continue to focus on stakeholder theory in relation to mitigating accounting scandals in the future. Researchers use stakeholder theory to describe the importance of all stakeholders within a corporation (Chen, 2009). The creator of stakeholder theory, R. Edward Freeman (1984), emphasized that companies must develop and maintain positive relationships with all stakeholders to be successful in the business setting. Thus, stakeholders include any individuals or organizations that are directly or indirectly influenced by senior management's decision-making (Savage et al., 2010). Research advocates of stakeholder theory insist that management must consider the firm's impact on society (Chen & Roberts, 2010; Faleye & Trahan, 2011). Overall, stakeholder theory continues to be a significant theory in recent accounting research, as researchers examine the relationship between businesses and society (Chen & Roberts, 2010).

In addition to agency and stakeholder theory, various ethical theories exist within the research literature. The particular ethical theory that correlates to ethical decision-making among accounting professionals is discourse ethics. Discourse ethics considers that senior management's decisions should reflect what society believes is an ethical selection (Tweedie, Dyball, Hazelton, & Wright, 2013). Discourse ethics evaluates what a reasonable person that is unbiased and free from any financial pressure would contemplate as an ethical action to promote investor confidence (Tweedie et al., 2013). Thus, the theoretical framework for this investigation consists of agency theory (agents are motivated by self-interest), stakeholder theory (responsibility to wider community), and discourse ethics (unbiased ethical stance) in *Figure 1* below.

FIGURE 1
THEORETICAL FRAMEWORK



HYPOTHESES

PRESOR Model and Hypotheses

The PRESOR has the capability to measure ethical decision-making skills in a company, as perceptions may be related to ethical intentions (Singhapakdi, 2001). The PRESOR instrument measures ethical perceptions based on three different factors: social responsibility, long term gains, and short-term gains (Shafer, 2015). However, the short-term gains factor is perceived to have the opposite results, or reversed scored items, as the first two dimensions.

Originally developed in 1994, the PRESOR explored ethics and social responsibility in the marketing literature (Singhapakdi, Kraft, Vitell, & Rallapalli, 1994). Although measuring ethical behavior and knowing the future actions of an individual remains impossible, some measurements can help predict behavior based on the importance one places on the certain concepts. As Singhapakdi (2001) concluded, individuals must consider ethics and social responsibility to be essential before increased ethical behavior can exist (Singhapakdi, 2001).

The PRESOR instrument for measuring ethical reasoning skills exists in numerous business studies and was found to be valid and reliable in the research arena (Godos-Díez, J., Fernández-Gago, R., & Martínez-Campillo, A., 2011; Shafer, 2015). Dawson (2018) cited over 20 studies utilizing the PRESOR in a variety of contexts.

Dawson (2018) studied human resources professionals using the PRESOR and moral attentiveness and organizational virtue. The results found that, when professionals perceived meaningful work, the individuals were more inclined to view the organization as ethical and concerned with social responsibility (Dawson, 2015). Godos-Díez, et al. (2011) investigated CEOs' profiles relating to ethics and social responsibility in Spain using the PRESOR. The results found CEOs, who were stewardship-oriented, displayed a stronger perception of ethics and social responsibility (Godos-Díez et al., 2011). Shafer (2015) found a significant relationship between accountants' ethical perceptions and organizational ethics in a convenience study of Chinese accountants. Singhapakdi, Vitell, Rallapalli, and Kraft (1996) specifically

suggested future research of accountants utilizing the PRESOR in relation to one's ethical decision-making skills; thus, the researchers proceeded with this study.

The lack of conclusive research regarding ethical reasoning skills in the accounting profession derives from various perspectives. More research needs to be conducted to determine if CPAs are developing and maintaining ethical reasoning skills in the profession. Additionally, with the conflicting findings regarding level of position and years of experience in relation to reasoning skills signifies for further research, the study's contribution and significance attempted to narrow the research gap in regards to CPAs' number of years of experience, organizational position, gender, age, and public versus industry in relation to one's ethical reasoning skills.

The researchers' purpose was to evaluate the influence of ethical reasoning and one's career experiences within the accounting profession based on the following hypotheses, which will be listed individually throughout the remaining section.

H₁. CPAs' Ethical Perceptions Differ Based on Years of Experience in the Accounting Profession.

Uyar and Güngörmüş (2013) investigated accounting professionals' perceptions of ethics education and found no significant results concerning years of experience. Likewise, Gorjidoz and Greenman (2014) studied members of the Michigan Association of Certified Public Accountants and found no significant difference between ethical decision-making and length of accounting experience. Barrainkua and Espinosa-Pike (2018) surveyed professional auditors and postgraduate accounting students. The results indicated postgraduate accounting students had higher ethical values compared to auditors with experience (Barrainkua & Espinosa-Pike, 2018). Furthermore, Barrainkua and Espinosa-Pike (2018) noted, with more experience, professional auditors had a decrease in ethical values. Thus, the researchers concluded the conflicting findings necessitated further investigation.

Studies often include age for ethics and the PRESOR (Low, Ong, & Tan 2017; Shafer et al., 2016; Wurthmann, 2013) with varying results. Shafer et al. (2016) found older individuals were more ethical; however, previously, Shafer (2015) found older participants were more likely to engage in ethical manipulations. Moreover, Wurthmann (2013) found age was not significant. However, the researchers determined that the age variable be eliminated to avoid multi-collinearity, as age and years of experience were determined to be highly correlated.

H₂. CPAs' Perceptions Differ Among Organizational-Level Positions.

Research demonstrates that CPAs with higher positions in a firm show evidence of lower ethical reasoning skills than low-level positions (Baada-Hirche & Garmilis, 2016). However, a previous study indicated that the potential lower reasoning skills of high-level accountants may not be as conclusive; yet, age played more of an influential role in ethical decision-making (Conroy, Emerson, & Poms, 2009). Moreover, Abdolmohammadi and Ariaail, (2009) demonstrated an accountant's organizational position did not relate to one's reasoning. Due to these previous findings, the researchers see a gap in the literature regarding CPAs' ethical reasoning among various organizational levels, especially considering that a literature search was unable to find other studies examining the mid-level positions compared to low-level and high-level. Previous research only examined low-level versus high-level positions, and the researchers determined that the mid-level phenomenon would be a significant variable to investigate.

H₃. There is a main effect of an individual's gender on PRESOR Scores.

Gender and ethics studies find women generally lean towards social responsibility, as an important goal (Singhapakdi, 2001; Shafer, 2015). The research literature incorporating gender and the PRESOR, as an assessment tool, are extensive (Singhapakdi, 2001; Shafer, 2015; Shafer, Simmons, & Yip, 2016; Wurthmann, 2013). Wurthmann (2013) employed the PRESOR and moral attentiveness, and found no significant results for gender. Shafer, Simmons, and Yip (2016) found gender was significant and that females more ethical. Uyar and Güngörmüş (2013) echoed these findings with female accountants more concerned than male participants in regard to ethics education.

H4. CPAs' Perceptions Differ Among Public Firms and Industry.

Elias (2004) studied earnings management and ethics and found CPAs employed in public accounting were significantly more aware of ethical values within the organization than those in industry and academia. Grumet (2006) noted CPAs in public accounting have a different client than those in industry. CPAs in public accounting are responsible to the public (Grumet, 2006). After a thorough literature review, the researchers determined this study was the first of its kind to employ the PRESOR instrument to CPAs working for public accounting firms and industry.

The researchers' purpose was to evaluate the influence of ethical reasoning and one's career experiences within the accounting profession-based years of experience, organizational position, gender, and public versus industry experience.

STUDY DESIGN

The research design included a cross-sectional, quantitative study to empirically test the connection between ethical perceptions and accounting professionals' years of experience, age, gender and position within the firm. The researchers utilized Certified Public Accountants (CPAs) through nationally provided emails and the Texas Society of CPAs to measure CPAs' ethical perceptions, which provided for a random sample. Only research participants that met the selected criteria, such as holding a current CPA license, were able to complete the research surveys.

Utilizing Survey Monkey software, the surveys consisted of a demographics questionnaire (age and gender) and the PRESOR for CPAs with various positions and years of experience to determine if ethical reasoning differs within the accounting profession. The research instrument used in the study was the PRESOR scale, measuring CPAs' ethical perceptions on three different factors: social responsibility, long term gains, and short-term gains. The PRESOR measured CPAs' perceptions on a Likert-type scale, consisting of 16 items with a nine point agree/disagree scale.

A correlation analysis was conducted to identify if one's age, the number of years of experience, gender, and organizational position in the profession influences one's ethical perceptions.

RESULTS

The researchers' cross-sectional, quantitative study examined the ethical perceptions of CPAs in the United States. The survey results attained 79 participants that are currently CPAs in the United States. However, some surveys were not fully completed, which yielded a sample size of 70 that were confirmed as valid and complete.

Some of the variables that were investigated were organizational position level, years as a CPA, gender, age, and whether an individual was in public accounting or not. At the organization level, the survey results included 14 CPAs at the low-level (which signified staff, seniors, assistant controllers, and assistant directors), 23 CPAs at the mid-level (which signified directors, controllers, vice presidents, and managers), and 32 CPAs at the high-level positions (which included CFOs, CEOs, presidents, partners, or owners). The researchers also examined the number of years an individual had served as a CPA, concluding that the number of years ranged from 1 to 56 years, averaging 25.44 years of experience. The gender variable indicated that 33 of survey participants were female, and the remaining 37 participants were male CPAs. In addition, the researchers determined that 37 of the survey results came from CPAs working for a public accounting firm, and the remaining 33 worked outside of public accounting.

Research participants ($N = 70$) included CPAs in the United States. The average number of years as a CPA was $M = 25.44$ years and ranged 55 years from $\min = 1$ year, $\max = 56$ years.

TABLE 1
DESCRIPTIVE STATISTICS

Descriptive Statistics			
	Mean	Std. Deviation	N
PRESORscore	84.6000	6.52398	70
Gender	.50	.504	70
HighLevel	.19	.392	70
LowLevel	.44	.500	70
PublicAccounting	.51	.503	70
Years as CPA	25.39	13.760	70

Multiple regression was performed to examine whether years of experience, organizational-level position, gender, and/or firm type predicted one's PRESOR score. The hypotheses are included in these next two sections with the findings that are appropriate with the data collected.

The multiple correlation coefficient (R) was 0.414, and the Adjusted R^2 was 0.107, which indicated that 10.7% of the variance in the PRESOR score could be predicted based on the combination of one's years of experience, organizational-level position, gender, and/or firm type as indicated in Table 2. Cohen (1988) indicated that an R correlation coefficient of 0.414 indicates a medium effect size.

TABLE 2
MULTIPLE CORRELATION COEFFICIENT AND VARIANCE IN THE PRESOR SCORES

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.414 ^a	.172	.107	6.16516

a. Predictors: (Constant), Years as CPA, Gender, PublicAccounting, HighLevel, LowLevel

b. Dependent Variable: PRESORscore

The researchers' findings indicate that a CPA's perception of ethics, as measured via the PRESOR, statistically differed based on the independent variables. Table 3 signifies that the predictors, or at least one of the predictors, was statistically significant, $F(5, 64) = 2.653, p < 0.05$.

TABLE 3
ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	504.210	5	100.842	2.653	.031 ^b
	Residual	2432.590	64	38.009		
	Total	2936.800	69			

a. Dependent Variable: PRESORscore

b. Predictors: (Constant), Years as CPA, Gender, PublicAccounting, HighLevel, LowLevel

To further understand what these results expressed, the researchers performed numerous statistical tests to confirm one's organizational level and ethical perceptions were statistically significant compared to all other factors. The researchers performed regressions by examining the mid-level positions compared to the remaining independent variables (low-level, high-level, gender, years of experience, and firm type). Based

on the results, the only statistical significance was that mid-level positions held significantly lower PRESOR scores compared to all other factors.

The researchers determined to perform the regression, including all independent variables to demonstrate that a significance continued to exist. The researchers included gender, years of experience, and firm type in the regression model to demonstrate these factors were not significant. By leaving the non-significant variables in the regression model, the findings demonstrate that the organizational-type position variable-maintained significance while controlling for the other variables.

The beta coefficients are shown in Table 4, indicating the only significant variable was the organizational-level position factor.

**TABLE 4
COEFFICIENTS**

Coefficients

Model	Unstandardized	Standardized		95.0% Confidence Interval for B			
	Coefficients	Coefficients	t			Lower Bound	Upper Bound
1	(Constant)	83.635	2.088		40.056	.000	79.464 87.807
	Gender	-1.989	1.535	-.154	-1.296	.200	-5.057 1.078
	HighLevel	6.121	2.135	.367	2.867	.006	1.856 10.386
	LowLevel	4.771	2.020	.366	2.361	.021	.735 8.806
	PublicAccounting	-1.529	1.704	-.118	-.897	.373	-4.934 1.876
	Years as CPA	-.020	.063	-.042	-.314	.754	-.146 .106

a. Dependent Variable: PRESORscore

Differing CPAs' Perceptions Among Gender and Firm Type

The researchers' findings indicate that a CPA's perception of ethics, as measured via the PRESOR, did not statistically differ based on one's gender or firm type. These results indicate that a neither CPA's gender, nor firm type influences one's perception of ethics and social responsibility.

Differing CPAs' Perceptions Among Organizational-Level Positions

The researchers' findings indicate that a CPA's perception of ethics, as measured via the PRESOR, statistically differed based on one's organizational-level position. Table 3 signifies that the organizational-level position predictor was statistically significant when comparing mid-level positions to all other position levels (low-level and high-level).

The Mid-Level position Anomaly

The researchers noted that significance between a participant's position level and their PRESOR score existed. These findings indicate that CPAs in mid-level positions potentially demonstrate different ethical perceptions, as compared to their colleagues in low-level or high-level positions. The results indicated that mid-level CPAs perceive to place more value on short-term gains compared to low-level and high-level CPAs.

The researchers hypothesize that CPAs in mid-level positions may have different motivations compared to CPAs in low-level positions, or those in high-level positions. As previously discussed in the literature review, conflicting findings resulted when examining organizational levels between high and low positions. Considerable research points towards higher ethical reasoning skills among junior level accountants (Etherington & Hill, 1998; Eynon, Hill, & Stevens, 1997; Poneman & Gabhart, 1993). Yet, some research concludes that organizational position does not determine one's ethical perspective (Abdolmohammadi & Ariail, 2009; Conroy, Emerson, & Poms, 2009). However, the researchers' search of the literature was

unable to find any studies that examined three different position levels: low, mid, and high. As such, the researchers determined that the mid-level CPA position was an important factor to examine.

Limitations and Future Research

One of the threats to validity in the research study was a participant's potential appeal toward socially desired responses as opposed to honest, realistic responses (Jackson, 2012). To mitigate this threat, participants were informed that responses would be confidential, as the protection of personal identities remained essential in gaining participant trust. The researchers were also limited by the sample size based on the low email response percentage. This sample size consisted of only CPA's practicing in the United States and could be expanded internationally. In addition, a potential threat to construct validity remained that the PRESOR could inaccurately measure the participants' perceptions of ethics and social responsibility. To compensate for this threat, the researchers utilized a research instrument that has been validated over the past decade and applied in numerous studies.

The researchers consider future research in this area to prove beneficial, especially in regard to expanding the study to include more participants, or comparing mid-level CPAs to other mid-level professions. Other avenues for research include studying female CPAs, and participants from the Big Four firms (EY, KPMG, Deloitte, and PWC). A qualitative study in connection with these findings might prove useful to add richness and depth to the researchers' findings.

DISCUSSION

Ethical reasoning skills in the accounting profession play a significant role in maintaining investor confidence. Upon reviewing the research literature in regard to ethical reasoning and accounting experience, several studies concluded that no significant relationship existed (Abdolmohammadi & Ariail, 2009; Gorjidoz & Greenman, 2014; Janosik, 2007; Karcher, 1996). Yet, other studies concluded that lower level accountants demonstrated strong ethical decision-making skills (Etherington & Hill, 1998; Eynon, Hill, & Stevens, 1997; Poneman & Gabhart, 1993).

In contrast to some of the previous studies, the researchers examined three position levels: low, mid, and high; and determined that mid-level accountants exhibited lower perceptions of ethics and social responsibility. The researchers concluded that an individual would have to have a positive perception of ethics and social responsibility if one was anticipated to act ethically. Though, the research cannot prove whether a CPA would actually act ethical or unethical, the findings from the PRESOR could presume that CPAs who have a strong perception of ethics would be more likely to act ethically in the profession.

The findings in regard to mid-level CPAs expressing lower ethical perceptions compared to low-level and high-level positions remains an important effect. The researchers posit that mid-level CPAs' motivations are different compared to their peers of other position levels, as short-term gains often determine their future success within the profession. In addition, mid-level CPAs desire to move up the ranks in their accounting career, whether that's with their current company or another one. Mid-level CPAs also lack loyalty within in a firm compared to high-level positions, who most likely have ownership in the firm. Low-level CPAs are often experiencing the profession for the first time from their accounting coursework, which includes studying and testing over ethical concepts. The researchers postulate that low-level accountants may exhibit more idealist opinions compared to accountants with more experience. Due to the researchers' conclusion that mid-level accountants' perceptions of ethics differ from low-level and high-positions based on differing motives, more studies need to examine the different factors and motivations that mid-level managers possess in regard to perspectives on ethics and social responsibility.

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APPENDIX

Perceived Role of Ethics and Social Responsibility (PRESOR)

by Singhapakdi, Anusorn; Vitell, Scott; Rallapalli, Kumar; Kraft, Kenneth

9-point disagree-agree scale, Disagree = 1, Agree = 9. *Reverse scored item.

Factor 1: Social Responsibility and Profitability

1. Social responsibility and profitability can be compatible
2. To remain competitive in a global environment, business firms will have to disregard ethics and social responsibility.*
3. Good ethics is often good business
4. If survival of business enterprise is at stake, then ethics and social responsibility must be ignored.*

Factor 2: Long-Term Gains

1. Being ethical and socially responsible is the most important thing a firm can do.
2. A firm's first priority should be employee morale.
3. The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible.
4. The ethics and social responsibility of a firm are essential to its long-term profitability.
5. Business has a social responsibility beyond making a profit.
6. Business ethics and social responsibility are critical to the survival of a business enterprise.

Factor 3: Short-Term Gains

1. If the stockholders are unhappy, nothing else matters.
2. The most important concern for a firm is making a profit, even if it means bending or breaking the rules.
3. Efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible.