ABSTRACT. This paper examines relationships between accountants' personal values and their moral reasoning. In particular, we hypothesize that there is an inverse relationship between accountants' “Conformity” values and principled moral reasoning. This investigation is important because the literature suggests that conformity with rule-based standards may be one reason for professional accountants' relatively lower scores on measures of moral reasoning (Abdolmohammadi et al. J Bus Ethics 16 (1997) 1717). We administered the Rokeach Values Survey (RVS) (Rokeach: 1973, The Nature of Human Values (The Free Press, New York)) and the Defining Issues Test (DIT) (Rest: 1979, Development in Judgment Moral Issues (University of Minnesota Press, Minneapolis, MN)) to 164 graduating accounting students enrolled in capstone courses at two universities in the Northeastern United States. As potential entrants into the accounting profession, these subjects bring their values and moral reasoning to bear on attitudes and behaviors in the workplace. We find a highly significant inverse relationship between “Conformity” values and principled moral reasoning (i.e., those who prefer Conformity values have lower levels of moral reasoning). However, we also find that accounting students as a group do not prefer Conformity values above other values such as Self-actualization and Idealism, and we find positive relationships between Self-actualization and Idealism values and moral reasoning. Implications for values and ethics research are discussed.

KEY WORDS: Rokeach Values Survey, moral reasoning, DIT

Introduction

The purpose of this paper is to investigate the relationship between accountants' personal value preferences and their level of principled moral reasoning. Previous studies of personal values and moral reasoning have shown statistically significant, but moderate, relationships between personal values and behavior (Ravlin and Meglino, 1987) and between moral reasoning and behavior (Thoma, 1994), but the relationship between personal values and moral reasoning has seldom been investigated. As Weber (1993: 455) suggests, research on the relationship between personal values and behavior misses the intermediate step of moral reasoning, and research on the relationship between moral reasoning and behavior misses the antecedent influence of personal values.

Our investigation is particularly important for several reasons. The first is that accountants are expected to have strong personal values and high levels of moral reasoning in order to withstand client pressures and deliver independent professional judgments. Public demand for strong personal values and high moral reasoning has been particularly high...
in recent years due to both business (e.g., Enron, WorldCom, Tyco) and accounting scandals (e.g., Arthur Andersen’s collapse, KPMG’s involvement with fraudulent tax shelters). Another reason for conducting this study is the persistent concern about ethical conduct in the accounting profession. Douglas et al. (2001) indicate that this concern has existed since the American Association of Public Accountants (the predecessor of the American Institute of Certified Public Accountants, or AICPA) first adopted ethics rules in 1905, and that accountants’ ethical beliefs and moral reasoning have been scrutinized ever since. In particular, Douglas et al. refer to the Treadway Commission (1987) comment that “personal values and codes of conduct can serve as important deterrents to unethical acts.” Therefore, we would like to know more about how personal values influence or interact with accountants’ moral reasoning.

Finally, by investigating the relationship between personal values and moral reasoning, we hope to provide an explanation for the relatively lower scores of accountants on measures of moral reasoning as previously reported in the literature (see Ponemon and Gabhardt, 1993, for a review). Ponemon (1993) and Abdolmohammadi et al. (2003) provide evidence that a selection–socialization process exists in public accounting in which auditors tend to select and retain colleagues who have similar levels of moral reasoning. This selection–socialization process may contribute to the problem of low ethical reasoning scores in accounting (Abdolmohammadi et al., 1997). The value preferences of some accountants for “Conformity” type values seems to be negatively correlated with principled moral reasoning. While not all accountants display a preference for Conformity values, we find that those accounts who do prefer Conformity values appear to have lower levels of principled moral reasoning.

The remainder of this paper is organized as follows. The next section presents a review of the prior literature and formulates certain hypotheses and research questions. The section after that describes the methods employed in testing the hypotheses. The results are then presented, followed by limitations, suggestions for future research, and concluding remarks.

Literature Review and Hypothesis

Research on Personal Values

In an influential book, Rokeach (1973) argued that personal values occupy a central position in an individual’s cognitive makeup and that values influence attitudes and behaviors. He defined a personal value as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence” (Rokeach, 1973: 5). Rokeach (1973) argued that values could be distinguished from other constructs like attitudes, because values are enduring beliefs that transcend specific situations. Furthermore, since values occupy a central position in an individual’s cognitive makeup, they may influence attitudes and behaviors (Rokeach, 1973). Empirical evidence summarized in Ravlin and Meglino (1987) supports a significant, albeit moderate relationship between personal values and behavior like managerial decisions.

Rokeach believed that the values a person holds are relatively few in number and that most individuals hold the same values, but with differing degrees of emphasis. This is the underlying premise behind the Rokeach Values Survey (RVS). The RVS consists of two lists of 18 Terminal and 18 Instrumental values (see Table I). Terminal values are defined as beliefs about desirable end-states of existence, while Instrumental values are beliefs about desirable modes of conduct (Rokeach, 1973). Rokeach (1973) provided two sub-classifications for Terminal and Instrumental values, dividing Terminal values into “Personal Values” (e.g., A Comfortable Life) and “Social Values” (e.g., Equality). The basis of this classification was whether the value is self-centered or society-centered (Rokeach, 1973: 8). Similarly, Rokeach (1973) divided Instrumental values into “Competence Values” (e.g., Ambitious) and “Moral Values” (e.g., Honest). While the focus of “Moral Values” is interpersonal, the violation of which would bring feelings of guilt, the focus of “Competence Values” is intrapersonal, the violation of which would bring feelings of shame or inadequacy (Rokeach, 1973: 8). Rokeach (1973)