

Being a good financial auditor. Conceptions of responsibilities among accountancy students

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Abstract

Auditors serve several masters. They have a clear obligation towards society, which expects them to be honest in checking the books of what are sometimes influential and wealthy institutions. At the same time, auditors are hired and paid by their clients, the companies they audit, who may have clear expectations in return. Sometimes the different obligations auditors have, or perceive to have, can conflict. We focus here on accountancy *students* who already work part-time at accountancy firms and who will shape the future of accounting. Our main research question is: *What different conceptions of auditor responsibilities exist among accountancy students?* We used Q-methodology, a mixed-methods approach, to identify and describe the views accountancy students have on what are the responsibilities of an auditor.

We found four conceptions of auditor responsibilities among accountancy students in the Netherlands that are distinct in how they deal with conflicts between professional behaviour, integrity, objectivity, and professional competence.

Relevance to practice

This study is relevant to practice because students' conceptions of auditor responsibilities may conflict with the core of Limperg's Doctrine (Limperg 1932/1933) of Awakened Confidence: "The accountant is obliged to perform his work in such a way as not to disappoint the expectations which he arouses in the sensible layman; and, conversely, should not arouse expectations greater than is justified by the work done."

Keywords

Auditors, accountancy students, Q-methodology, ethics, responsibilities

1. Introduction

Auditors serve several masters. Auditors have a clear responsibility towards society, which expects them to be honest in checking the books of what are sometimes influential and wealthy institutions. The most important question a financial auditor has to answer, is: do the financial numbers the company presents, offer an accurate account of the financial situation? (Kloppenburg 2017, p. 20). Society has a strong interest in this question. At the same time, auditors are hired and paid by their clients, the companies they audit, who may have clear expectations

in return. Sometimes the different responsibilities auditors have, or perceive to have, can conflict. Among the various objects of loyalty – the public good, their career, their conscience, their employer and colleagues, the law, their clients, to name a few – where do the loyalties of auditors lie? What dilemmas do financial auditors face? And how do they think they should deal with those dilemmas?

We focus here on accountancy *students* who work part-time at accountancy firms in the area of certified public accounting for entities subject to audit and who will shape the future of accounting. Our main research question is: *What different conceptions of auditor responsi-*

lities exist among accountancy students? Auditors' conceptions of their responsibilities are morally important: they indicate how auditors behave and make decisions. Furthermore, having different conceptions of responsibilities means having different loyalty dilemmas and conflicts (cf. De Graaf 2011). In this study we focus on the profession of *financial auditor*.

The structure of this article is as follows: we start with the literature on the societal role and responsibilities of auditors (section 2.1) and on the education of integrity/values (section 2.2). In section 3 we describe the research methodology, including a description of the methodology we use (section 3.1), the development of the research materials (section 3.2), the data collection (section 3.3) and the analyses (section 3.4). We present the results in section 4 and discuss the results in section 5.

2. Background

2.1 The literature on the societal role and responsibilities of auditors

The multiple loyalties of auditors working as a certified public accountant can be at odds with one another. First, loyalty to society may conflict with loyalty to the client. Since many countries legislate that firms hire auditors for their bookkeeping for the sake of stock market transparency, societal loyalty in the field of accountancy dictates honest, transparent and easily interpretable bookkeeping. Yet at the same time, there is a great deal of pressure from clients to make the numbers reflect a healthy and durable company, and thus loyalty to the client may dictate making some numbers less honest, transparent or interpretable. In many cases, this can be legal, or be at least a legally grey area (Tinker 1991). The accountancy sector, in this sense, is afflicted with a client-beneficiary discrepancy, in that the client of an entity subject to audit selects the accountancy firm for price and quality while the proceeds are for society at large. Thus, internal and external integrity will inevitably be in conflict.

The accountancy sector also faces a substantial conflict of responsibilities between, on the one hand, economic responsibility to provide the most beneficial service to their clients, and, on the other hand, ethical responsibilities to provide an 'enabling service' to society at large (Previts and Merino 1998; Willmott 1986). This conflict of responsibilities is made all the more problematic by the competitive pressures within the accountancy sector. This means that there are altogether strong incentives for a 'race to the bottom' effect in the accountancy sector. In fact, this conflict of responsibilities and the resulting pressure on accountancy firms and individual auditors are so substantial that some economists have argued for making corporate financial reporting a government task (cf. Chatov 1975) or even for dispensing with mandatory financial reporting altogether (cf. Stigler 1964). Goldman and Barlev (1974) argue that accountants may be tempted

to ignore the rules if it works out in their advantage. In such situations, the accountant is in conflict between his own interest and his professional integrity. Nichols and Price (1976) also discuss the powerful but conflicting incentives that may restrain auditors from completely objective decision making. They argue that the auditor's independence can be regarded as his ability to withstand any influence of the company, as for example the pressure to modify their audit or report in favour of the managers.

Economic interests should encourage a strong loyalty towards the client, while firm and individual values, education and the legal framework in place should encourage an uncompromising loyalty to society. According to Bazerman et al. (2002), "the tight relationships between accounting firms and their clients, even the most honest and meticulous of auditors can unintentionally distort the numbers in ways that mask a company's true financial status, thereby misleading investors, regulators, and sometimes management." (Bazerman et al. 2002, p. 96). Too much interest in serving the clients' needs may, in the end, harm the audit firm's reputation.

2.2 The education of integrity/values

What constitutes a 'good auditor'? This question clearly has a moral component (Gardner et al. 2001; Sennett 2008). Several scholars, Nussbaum (2010) very prominent among them, claim that current western (academic) education is too much focused on means: on effectiveness and efficiency, and too little on values. According to Van Baardewijk (2018, p. 19):

"The moral ethological outlook reveals that business schools not only convey textbook knowledge, but also habits that are acquired through studying, interaction with professors and student life in general. In the context of today's universities, an ethos is conveyed through the assumptions, beliefs and ideas contained in study material and teaching through which students, often unconsciously, learn to relate to the world."

Accountancy students do not just learn about technical auditing skills in the course of their training, they are also taught values. The literature on auditing research distinguishes between declarative knowledge - knowing 'how'- and procedural knowledge - knowing 'that'. Procedural knowledge differs from descriptive knowledge in that it can be directly applied to a task (Ryle 2009). Bonner (1994) states that in auditing basic declarative knowledge is commonly acquired through formal education and procedural knowledge is acquired later, during one's professional career. In line with this, Bonner and Lewis (1990) argue that three elements should be included in any definition of expertise: education, experience and innate personal characteristics or 'ability'. Biesta (in: Boele 2015, p. 7) argues that higher education has three goals: qualification (knowledge and skills), socialization (learning how to opera-

te in social settings) and personal development (being able to operate independently in these social settings). Nussbaum (2010) claims there is currently too much attention paid in academic curricula to the first goal, and too little to the third one. Biesta (2015, p. 7) also claims that in higher education there is too much attention paid to 21st century skills, and not enough to the ‘4th century before Christ’ skills – the skills taught in Plato’s Academy, such as personal development, independent thinking and morality. Bregman and Frederik (2015) maintain that academic education is too concerned about how to solve problems, and not enough about what the problems actually are. They wondered whether we actually need more auditors who – without their conscience troubling them – help make the Netherlands an even bigger tax paradise for multinationals, so multinationals can pay even less tax in the countries where they actually do their business. The tax specialists of Starbucks who successfully transfer large parts of the company’s profits in the US and the UK through the Netherlands with the result that hardly any tax is paid in the US or the UK – are they good or bad tax specialists? After the last economic crisis, there are probably few who would dispute the importance of teaching ethics in MBA programmes. We suspect most academics also like the idea of promoting moral ideas within universities, and not just preparing the students for their future roles in society by teaching technical skills and imparting knowledge. But what should the curriculum entail? In the literature on religious education, a distinction is made between ‘teaching about’ and ‘teaching into’ religion (De Ruyter and Steutel 2013, p. 183). ‘Teaching about’ is as impartial as possible, whereas ‘teaching into’ contains the intention “that pupils remain or become adherents of a particular religion.” (De Ruyter and Steutel 2013, p. 183). How far do academic MBA programmes want to go with promoting moral ideals? Value-free or neutral (moral) education is impossible. Throughout each curriculum, implicitly or explicitly, an image of responsibilities and the ‘good auditor’ is presented to students. Furthermore, MacIntyre (1991) pointed to the moral consequences of neutral thinking by managers (Van Baardewijk 2014). Those who mainly serve the values of effectiveness and efficiency – to make money, preferably in the short term – create the

possibility of manipulation. Pursuing efficiency can conceal one’s own agenda and suppress others.

There are at least four bodies of literature in social sciences that relate to the conceptions we look for, each with a normative dimension: The Good Work project (Gardner 2010; Gardner et al. 2001) stressing responsibility; the literature on ethos (Van Baardewijk 2018); the literature on professionalization (cf. Andersen and Pedersen 2012; Freidson 2001); and the literature that could be categorized as dealing with ‘craftsmanship’, the desire to do good work and having the skill to do it (Gardner 2010; ‘t Hart 2014; Kunneman 2012; Sennett 2008; Mintzberg 1987).

Here, we explore conceptions of the responsibilities of auditors among accountancy students in the Netherlands.

3. Research methodology

3.1 Q-methodology

We used Q-methodology to identify and describe the conceptions of accountancy students on auditor responsibilities. Q-methodology is a mixed-methods approach for systematically studying views, opinions and beliefs (Watts and Stenner 2012; McKeown and Thomas 2013).

In a Q-methodology study, participants are asked to rank a set of statements about a topic according to their opinion about them, and to explain the motivation behind their ranking of the statements (see Figure 1). The analysis aims to identify a number of patterns (i.e., clusters of correlation) in participants’ rankings of the statements. These patterns are then interpreted and described as, in this case, conceptions of auditor responsibilities, using both the quantitative and qualitative data collected from participants.

Q-methodology is relatively new to accountancy research but has a longstanding tradition in many other fields for the investigation of attitudes, views and beliefs. Q-methodology is increasingly employed in business studies and administrative science, as well as in the field of education (Van Exel et al. 2006; Cross 2005), and has much potential especially for descriptive ethics (De Graaf and Van Exel 2009; De Graaf 2005; 2001).

Next, we describe the different steps in this Q-methodology study in more detail.

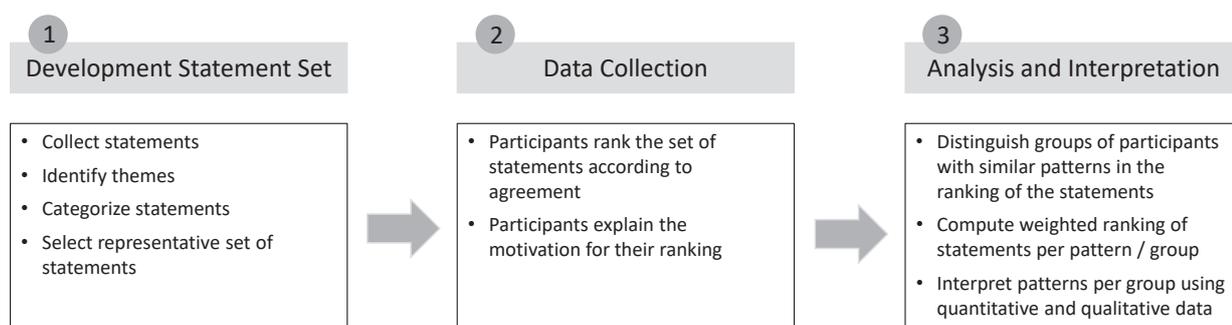


Figure 1. Steps in a Q-methodology study

both universities encourage engagement with society. However, Erasmus University emphasizes making societal impact by connecting to the world with an entrepreneurial open mind, while Vrije Universiteit Amsterdam emphasizes taking responsibility for people and planet by focusing on diversity, purpose and compassion. These different values may be conveyed to students, explicitly or implicitly, by what is taught and how it is taught in the different programmes. In addition, students in the post-graduate programme at EUR probably have longer and more diverse working experience than students in the Master's programme at VU, potentially also influencing their views of their role and profession.

In coordination with the programme directors, this study was presented to students as an elective assignment. One of the authors explained the context and purpose of the study in class and distributed the materials among students who agreed to participate. They were informed that participation was anonymous and voluntary. Respondents conducted the sorting exercise individually. After placing the statements on the sorting grid, participants copied the numbers on the cards onto a smaller copy of the grid printed on the response sheet. Next they explained verbally why they had so placed the two statements that were in the outer columns on each side of the of the grid (under '1' (most disagree) and '9' (most agree)) and then answered questions about their age, gender, their primary motivation for becoming a financial auditor, their preferred profession within accountancy, and their current place of work.

3.4 Analysis and interpretation

By-person factor analysis (centroid extraction, varimax rotation) was conducted to identify patterns in the rankings of the statement set by students. The number of factors was selected on the basis of factors having an Eigenvalue larger than one, a minimum of two respondents loading statistically significantly ($p < .05$), and a coherent interpretation (Watts and Stenner 2012). For each factor, an idealized ranking of the statements was computed, which represents how a respondent perfectly correlated with the factor would have ranked the statements. It concerns a weighted average ranking of the statements for the respondents statistically significantly associated with the factor. The idealized rankings, or factor arrays (see Table 1), complemented with the qualitative data, are used to interpret and describe the factors as conceptions of auditor responsibilities. A first interpretation of the factors is based on the characterizing and distinguishing statements for each factor. Characterizing statements for a factor are those with a +4, +3, -3 or -4 score in the idealized ranking of the statements. Distinguishing statements for a factor are those that are ranked statistically significantly differently as compared to the other three factors. This first in-

terpretation is then further refined using the explanations provided by respondents associated with the factor, and citations from these qualitative materials are added to the description of the factors for illustration of their interpretation using the language of respondents. The data were analysed using PQMethod (Schmolck 2019).

4. Results

In total, 108 accountancy students participated in the study, 53 from Erasmus University Rotterdam in the post-graduate programme Chartered Accountant of the Erasmus School of Accounting & Assurance (ESAA), and 55 from Vrije Universiteit Amsterdam in the Master's programme Accounting & Control at the School of Business and Economics. Their average age was 26.9 years (range 23 to 48 years), and 71% were male, 29% were female. The most mentioned reasons for choosing this profession were varied profession (25%), matches my competences (24%), challenging profession (17%) and good job prospects (15%). The preferred profession within accountancy was public auditor (49%), auditor in business (46%), government auditor (3%) or internal auditor (2%). The majority (77%) currently worked for one of the big four accountancy firms (i.e., PwC, Deloitte, EY or KPMG).

Analysis of their rankings of the statement set resulted in four factor solution as the most comprehensible and best interpretable reduction of the data. The factors were defined by 13, 11, 30 and 5 of the 108 participants, respectively, and together the four factors explained 57% of the variance in the ranking data. The idealized rankings of the statements for the four factors are presented in Table 1. Looking at the correlations between the factor scores, three factors were to some extent similar in their content, with correlation coefficients varying between 0.68 and 0.79, but we decided that each of these factors conveyed a sufficiently interesting and distinctive perspective on auditor responsibilities to discuss them separately. The fourth factor, which showed correlations between 0.40 and 0.51 with the other three factors, was fairly different in content, and will be presented first.

Below, we present the interpretation of the four factors as conceptions of responsibilities of auditors, based on the weighted average ranking of the statements for that factor and the explanations from respondents statistically significantly associated with the factor. Each factor description is preceded by an overview of the statements ranked in the +4, +3, -3 and -4 columns in the idealized ranking for that factor. The full rankings for each factor are presented Table 1 and in Appendix 2. Some quotes from respondents are added to the descriptions of the factors (in italics), as clarification of the rationale for the factor in the own vocabulary of respondents associated with the factor.

Table 1. Factor scores of statements, categorized according to the five fundamental principles for professional conduct from the Dutch Code of Ethics for Professional Accountants

Statement	Factor			
	1	2	3	4
Professional behaviour				
1 Like doctors and lawyers, auditors should swear a moral oath.	-2	-1	0*	-2
2 Managers of accountancy firms should ask critical questions rather than draw up guidelines and rules.	+1	+1	0	-1
3 Society would benefit from stringent laws and regulations for the accountancy sector.	-4*	0	-1*	0
4 Professionalism is an important value for auditors.	+4	+3	+1	+3
Integrity				
5 Auditors should be led by laws and regulations in their work, not personal principles.	-4*	0	0	0
6 Auditors know what is right and wrong. They don't need laws and regulations to tell them.	+1*	-2	-3	-2
7 Laws and regulations prevent auditors from doing their job well.	+2*	-2	-1	-3
8 I don't need laws or regulations, but the accountancy sector would benefit from them.	-1*	-1*	-2	-3
9 Auditors sometimes put their own interests above that of the client or society.	0	0	0	-1
10 To have a successful career, the auditor must be loyal to his/her employer.	-2	0	-1	0
11 As an auditor, I am willing to break the law if I feel that this is for the best.	0*	-4	-4	-4
12 Codes of professional conduct remove responsibility from individual auditors for difficult decisions.	-2	-1	-2*	0*
13 Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	-3	-2	-2	-1
14 Auditors know what is right, but in everyday practice may make other choices.	+1	-1	0	0
15 Integrity is an important value for auditors.	+3*	+4	+3*	+4
16 If my employer has an assignment that conflicts with my conscience, I will not work on it.	-1*	+3	+3	+2
17 Auditors who violate laws and regulations must be privately prosecuted.	-1*	+1	+1	-3*
18 Accountancy courses must teach the ethics of the profession as well as the technical skills.	0	+1	+1	-1*
19 There should be more focus in accountancy courses on the social responsibility of auditors.	0	0	+1	0
20 Sometimes, you must do unethical things for a client. If you don't, a competitor will.	-2*	-4	-4	-4
21 The employer has more influence over how difficult choices are managed than codes of professional conduct.	0	-3*	-1	+2*
Objectivity				
22 In practice, difficult choices are more strongly influenced by discussion than by laws and regulations.	+1	0	0	+1
23 An auditor's loyalty should be more with the client than with society.	+1	-3	-3	-3
24 I prefer to disappoint the client rather than condone something, even if that costs me or my employer money.	0	+1*	+3*	+1
25 If a client is involved in something immoral, it is the duty of the auditor to report that to the shareholders/supervisory body.	-1*	+2	+2	+2
26 Conflicts of interest with clients do not play an important role in the accountancy sector.	-2	-2	-3	-2
27 Objectivity is an important value for auditors.	+2*	+4	+4	+4
28 An auditor must be engaged with the company and wishes of the client.	+3*	+1	-1*	+2
29 An auditor must be naturally sceptical and slightly suspicious.	0	0	+1	+1
30 It is important to maintain a distance from your client to be a good auditor.	-3	-3	0	0
31 Engagement with the client and independence are not contradictory. In fact, they enhance each other.	+1	+2	-1*	+1
Professional competence and due care				
32 Laws and regulations are detrimental to the productivity of auditors.	+2	+1	0*	-1*
33 So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	-1	0	-3*	+2*
34 The advisory role of the auditor is detrimental to objectivity.	-3*	-2*	+1	0
35 Diligence is an important value for auditors.	+1	+2	+2	+3
36 Efficiency and diligence sometimes clash in the accountancy sector.	+2	+1	+2	+1
37 An auditor must do what is right and not be led by time and budget pressure.	+3	+2	+4*	+1*
38 An auditor should not worry about details but make sure that the overall picture is correct.	0*	0	-2*	-1
39 Striving to achieve the lowest price can sometimes be detrimental to professionalism.	+3	-1*	+2	+1*
40 Communicative skills are important for an auditor.	+4*	+3	+3	+3
41 The corporate culture in the accountancy sector is authoritarian.	-1	-1	0	0
42 There is little internal control in accountancy firms.	-3	-3	-2	-2
43 People should trust each other more in accountancy firms.	0*	-1	-1	-1
Confidentiality				
44 An auditor who breaches their duty of confidentiality must be severely punished.	-1	+2	+1	-2
45 Confidentiality is an important value for auditors.	+2	+3	+2	+3

Note: * distinguishing statement for that factor.

Factor 1: Client is central, auditor has own moral compass**Table 2.** Statements with +4, +3, -3 and -4 scores in the idealized ranking factor 1.

Statement	Score
4. Professionalism is an important value for auditors.	+4
40. Communicative skills are important for an auditor.	+4*
39. Striving to achieve the lowest price can sometimes be detrimental to professionalism.	+3
28. An auditor must be engaged with the company and wishes of the client.	+3*
37. An auditor must do what is right and not be led by time and budget pressure.	+3
15. Integrity is an important value for auditors.	+3*
42. There is little internal control in accountancy firms.	-3
30. It is important to maintain a distance from your client to be a good auditor.	-3
13. Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	-3
34. The advisory role of the auditor is detrimental to objectivity.	-3*
5. Auditors should be led by laws and regulations in their work, not personal principles.	-4*
3. Society would benefit from stringent laws and regulations for the accountancy sector.	-4*

This view on auditor responsibilities stands out from the other views. A significant aspect of this view is the importance of being close to the client (#30, -3) (see Table 1). *'It is exactly by knowing your client, that you can identify the risks, ... distance breeds distrust.'*; *'You do not have to keep a distance, on the contrary, with a distance you create the situation where you do not know everything and cannot come to a good judgement.'* Therefore, communication skills are considered important for an auditor (#40, +4). *'Everything depends on this.'*; *'With only knowledge about numbers, you won't make it.'*; *'To keep contact with the client and to assure that the activities are carried out correctly by the team, communication is important.'*; *'You have to do it together.'*; *'When you do not possess communication skills, you can perhaps be very critical, but if you do not manage to communicate the mistakes you find, things will not be adjusted.'* In this view, the auditor's advisory role does not come at the expense of their objectivity (#34, -3), in particular when it follows from an audit: *'Advising can be about internal control.'* An auditor should be involved with the business and also the wishes of the client (#28, +3). *'Client is king, otherwise we are out of business.'* Very notable in this regard is the ranking of statement 23: the loyalty of the auditor should always be more with the client than with society. While this view tends to agree with this statement (+1), the other views on auditor responsibilities all strongly disagree with this statement (-3). In line with this, it is not seen to be necessary that when a client is acting immorally, the auditor should always report this (#25, -1).

Laws, rules and regulations are seen to limit the auditor doing their job well (#7, +2). *'We are buried under "template". This leads to copying and hardly contributes to knowing more about the client, or a better audit.'* They clearly do not believe in the positive effects of tough laws and regulations (#3, -4). *'When laws, rules and regulations lead, auditors stop thinking about "what and why", and it is important that you keep thinking about that.'*; *'I think that the auditor sector has absurdly overshot the mark in regulating. I plea for abolition of the NVCOS.'*; *'Laws and regulations are not the answer to everything.'* Of all the views expressed, this one most strongly disagrees with the statement that law should provide guidance,

rather than one's own moral principles (#5, -4). *'Own principles should lead, with a strong professional disciplinary code, more thinking for ourselves just like notaries, lawyers, etcetera.'* Auditors know what is right and wrong, they do not need laws for that (#6, 1). *'More thinking for ourselves. We are all academically educated.'*; *'Laws are too rigid. An auditor needs his own moral/ethical awareness.'* This view is neutral to the statement that an auditor should be prepared to break the law if they think that is for the best (#11, 0), while the other views all sharply disagree. Finally, of the four perspectives, this is the one that agrees most strongly that laws and rules impact the productivity of the auditor negatively (#32, +2). *'Laws and regulations make you fill out checklists, which comes at the expense of real judgment.'*

Factors 2, 3 and 4: Objectivity, integrity, professionalism, confidentiality

As mentioned before, factors 2, 3 and 4 are highly correlated and these three views on auditor responsibilities thus have much in common. All three views find objectivity the most important value (#27, +4). *'Objectivity is essential to stay professionally critical.'*; *'It is the key value of an auditor.'*; *'Without objectivity an auditor can simply not act in societal interest.'* All three also strongly embrace the key values named in the Code of Ethics for Professional Accountants: integrity (#15, +4), professionalism (#4, +3) and confidentiality (45, +3). *'Integrity is the foundation of our work. Without high integrity our work is pointless.'*; *'To be able to trust the auditor is his right to exist. That can be achieved by behaving with integrity and objectively.'*; *'This is the core of our profession and the value we have for society.'* Therefore, students with these views most strongly oppose breaking the law or doing immoral things for a client (#11, -4; #20, -4). *'Unethical behaviour is not justified by the fact that others do it.'*; *'Never break the law: the goal as an auditor is to serve society and economic transactions.'*; *'Even though the boundary between ethical and unethical things is sometimes hard to define, we shouldn't do unethical things.'*; *'I will not break the law and run the risk of being punished.'*

Factor 2: ... and serving the client

Table 3. Statements with +4, +3, -3 and -4 scores in the idealized ranking factor 2.

Statement	Score
15. Integrity is an important value for auditors.	+4
27. Objectivity is an important value for auditors.	+4
4. Professionalism is an important value for auditors.	+3
40. Communicative skills are important for an auditor.	+3
45. Confidentiality is an important value for auditors.	+3
16. If my employer has an assignment that conflicts with my conscience, I will not work on it.	+3
23. An auditor's loyalty should be more with the client than with society.	-3
21. The employer has more influence over how difficult choices are managed than codes of professional conduct.	-3*
42. There is little internal control in accountancy firms.	-3
30. It is important to maintain a distance from your client to be a good auditor.	-3
11. As an auditor, I am willing to break the law if I feel that this is for the best.	-4
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	-4

Next to agreement on the importance of objectivity, integrity, professionalism and confidentiality, this view on auditor responsibilities diverges from views 3 and 4 by a stronger focus on the importance of a good relationship with the client, which consequently also makes it most similar of the three to the first view. Being close to the client is important (#30, -3). *'Life is not objective or measurable.'*; *'I am a social person and I think the relationship with the client is very important for my*

job.' They do not feel the advisory role of the auditor is detrimental to objectivity (#34, -2), that engagement with the client and independence are not contradictory (#31, +2), or that striving to achieve the lowest price can sometimes be detrimental to professionalism (#39, -1). Of all the views, this one disagrees most strongly that the employer has more influence than codes of professional conduct over how difficult choices are managed (#21, -3).

Factor 3: ... and serving society

Table 4. Statements with +4, +3, -3 and -4 scores in the idealized ranking factor 3.

Statement	Score
27. Objectivity is an important value for auditors.	+4
37. An auditor must do what is right and not be led by time and budget pressure.	+4*
15. Integrity is an important value for auditors.	+3*
40. Communicative skills are important for an auditor.	+3
16. If my employer has an assignment that conflicts with my conscience, I will not work on it.	+3
24. I prefer to disappoint the client rather than condone something, even if that costs me or my employer money.	+3*
33. So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	-3*
6. Auditors know what is right and wrong. They don't need laws and regulations to tell them.	-3
26. Conflicts of interest with clients do not play an important role in the accountancy sector.	-3
23. An auditor's loyalty should be more with the client than with society.	-3
11. As an auditor, I am willing to break the law if I feel that this is for the best.	-4
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	-4

A key value for auditors with this view is carefulness. An auditor should do what is right, and not be led by time or budget pressure (#37, +4). *'Time and money pressure can never be a good reason not to do the right thing.'*; *'Budget pressure is one of the reasons behind the bad quality dossiers and the scandals that result from that.'*; *'Auditors should produce good quality and therefore not be influenced by time or budget.'*; *'Budget should not play a role in an audit.'*; *'Time pressure and commercial considerations are responsible for auditors possibly doing the wrong thing.'*; *'The goal of an auditor is providing certainty about annual accounts, which should be of high quality. Time and budget pressure shouldn't be*

of influence on this.'; *'Time pressure is a fact and leads to pressure on quality. The end product is the goal and that should not be affected by time or budget pressure.'*; *'When an auditor is led by time and money pressure, that lowers the quality. Which, unfortunately, you see happen often.'*

Auditors with this view most strongly feel that they would rather disappoint the client than miss or condone something in their work, even if that costs them or their employer money (#24, +3). *'When I turn a blind eye on something that is not right, I am fooling myself and that is not good for anyone.'*; *'Disappointment is not important for professionals, business is business, things should*

be right.’ Also, the details matter (#38, -2). They strongly disagree that conflicts of interests with client hardly play a role in the sector (#26, -3). ‘I think that is the main reason that things can go wrong between auditors and clients. When an auditor is too dependent on certain clients to judge completely objectively.’; ‘The client = employer = interests, which certainly contains potential for conflicts of interests. I think that under the pressure of conflicts of interest, different choices are regularly made.’ They are least of all engaged with (the wishes of) clients (#28, -1), as it might affect their objectivity and independence. ‘That way an auditor can ensure objectivity.’; ‘Primarily, the auditor serves society.’ They disagree that involvement with clients and independence are not contradictory (#31, -1). ‘That way an auditor acts in the interest of the client, no longer in the interest of society.’ They also

strongly disagree that as long as it is within the law, it is the main task of the auditor to fulfil the client’s wishes (#33, -3). ‘The client is not a criterion. You have to work with the client, not against the client, but his wishes are not important.’; ‘You can think with a client, but your interests lay with society.’ Most of all they think that an advising role comes at the expense of the auditor’s objectivity (#34, +1).

Finally, the students holding this view strongly disagree that auditors know what is right and wrong and they therefore do not need the law (#6, -3). ‘Nobody knows what is good and bad, that is a joint decision.’; ‘Every person is different and certainly in a profession as auditor, you need clear guidelines to work with and to use when in a discussion with a client.’; ‘Everyone has other ideas about right and wrong. Laws and rules provide clarity.’

Factor 4: ... and serving the firm

Table 5. Statements with +4, +3, -3 and -4 scores in the idealized ranking factor 4.

Statement	Score
27. Objectivity is an important value for auditors.	+4
15. Integrity is an important value for auditors.	+4
40. Communicative skills are important for an auditor.	+3
45. Confidentiality is an important value for auditors.	+3
35. Diligence is an important value for auditors.	+3
4. Professionalism is an important value for auditors.	+3
17. Auditors who violate laws and regulations must be privately prosecuted.	-3*
7. Laws and regulations prevent auditors from doing their job well.	-3
8. I don’t need laws or regulations, but the accountancy sector would benefit from them.	-3
23. An auditor’s loyalty should be more with the client than with society.	-3
11. As an auditor, I am willing to break the law if I feel that this is for the best.	-4
20. Sometimes, you must do unethical things for a client. If you don’t, a competitor will.	-4

Just as in view 2, breaking the law or doing immoral things (#11, -4; #20, -4) are what these students most strongly oppose. ‘Your judgment must be independent.’ Integrity (#15, +4), professionalism (#4, +3), confidentiality (45, +3) and diligence (35, +3) are important values. ‘Professionalism is key for an auditor.’

These students, however, differ in their responsibilities view in that they are more strongly influenced by their employer, the firm, and see more organizational responsibility than personal responsibility. This responsibilities view is alone in believing that the employer has more influence over how difficult choices are managed than the codes of professional conduct (#21, +2). They disagree that an auditor who violates his or her duty of confidentiality, should be severely punished for that (#44, -2), or that auditors who break the law should be prosecuted personally (#17, -3); after all, it might be the result of working in a team, for a firm. ‘I do not feel that when violating the law, you should be punished. Everybody can make mistakes because of work pressure, tensions, interests, etc.’; ‘It is a team effort which is done by the firm. The firm can be prosecuted, and the firm can deliver internal sanctions.’ This is not to say they have problems with laws and regulations. On the contrary, of all the views this one

that disagrees most that they do not need them (#8, -3) or that they prevent them from doing their job well (#7, -3), and they least of all think that laws and regulations are detrimental to their productivity (#32, -1) or that codes of professional conduct work better to limit wrongdoing (#13, -1).

5. Discussion

In this study we found four conceptions of auditor responsibilities among accountancy students in the Netherlands that are distinct in how they deal with conflicts between professional behaviour, integrity, objectivity, professional competence and due care and confidentiality, the five fundamental principles for professional conduct from the Code of Ethics for Professional Accountants. In one of the four views, the loyalty of a good auditor should be with the client more than with society, and own principles should be the moral compass more than laws and regulations. In the other three views, the principles of professional conduct are central to being a good auditor, although the primary object of loyalty differs between these views: the client, society or the firm. It is interesting to see that

each of the four views therefore comes with its own potential value conflicts. For example, auditors with the view *client is central, auditor has own moral compass* may face dilemmas when the wishes or behaviours of the client are not in line with laws, rules and regulations. Although these auditors are not prepared to break the law on behalf of their clients, they do find it restricts them in how well they can serve their clients; auditors sometimes need to think for themselves and follow their own principles. As another example, auditors with view 3 (*focus on society*) predominantly think they do a good job if they serve the interests of society, but at the same time they highlight the tensions this may bring with time and budget constraints and the wishes of clients; hence, least of all they think they should engage with clients or take up an advisory role, as this may affect their objectivity and independence. Amidst these differences between the views, there was consensus among the four views that efficiency and diligence sometimes clash in the accountancy sector (#36, +2, +1, +2, +1), and they all tend to agree that conflicts of interest with clients play an important role in the accountancy sector (#26, -2, -3, -2, -2).

In the context of this study, one could raise the question whether and how education influences the views that auditors have about being a good auditor. We observed that factor 1 and factor 4 were fairly similarly represented among students from both universities, whereas factor 2 (*focus on the client*) was more prevalent among post-graduate students from Erasmus University Rotterdam and factor 3 (*focus on society*) among Master students from Vrije Universiteit Amsterdam (see Appendix 1). Considering the value orientations of these universities, as discussed under data collection, this observation has clear face validity. However, these relationships need to be interpreted with some caution, as this concerns a single study. And, although a significant number of students participated, equally spread over the two universities, it may still be a selective sample. In addition, it is unclear whether this observation signals that differences in teaching programmes or styles and work experience have influenced students, or rather that students with different value orientations enrol at different universities. For example, De Graaf (2003) found that school has little influence on the way veterinary students feel about moral issues concerning their future profession. This research suggested that the school reinforces discourses that existed before entering the university. Some adjustment occurs, but university schooling primarily strengthens these discourses in the sense that the knowledge learned is used to better defend and define the pre-existing position; it becomes more coherent. From a survey of graduate students in economics, Colander and Klamer come to the same conclusion about the profession of economists: "These data suggest that schools tend to reinforce previously held positions." (Colander and Klamer 1987, p. 106). This means that it will be hard to alter these conceptions of a good auditor, as they are firmly footed.

To a great extent, what it means to be a good auditor is taught and learned in practice. If so, there also would be an important role for accountancy firms to actively teach novices *into* the corporate value orientation, as well as to organize continuous reflection within the firm on the operant moral compasses of employees at all levels. The materials developed in this study could be an aid to investigating in-company views of auditors on when they think they do a good job, and for identifying issues or conflicts that may require the attention of management.

This study has some weaknesses that need to be discussed. First, this is a single study among students from two universities in the Netherlands. Although the students also work as auditors and the universities have different identities, the findings cannot easily be generalized beyond this group of young professionals. Views may differ to some extent among students from other universities, or auditors with more work experience. Despite the international scope of the accountancy sector, differences in social and professional culture between countries may of course lead to other views on responsibilities and associated dilemmas and conflicts. Second, participation was voluntary and anonymous. As a result, not all students in the groups submitted their response, which may have led to selective inclusion of participants. We could have made participation mandatory, but we felt it was more important to be able to guarantee anonymity to students, so that they would feel less inhibited about revealing their actual views and would provide truthful explanations and comments about the dilemmas and conflicts they experience as young auditors. Third, the data was collected in groups and it was not possible to conduct in-person interviews with as many students in a reasonable amount of time. Although we were able to collect a lot of qualitative data through the response form, in-person interviews might have resulted in richer data and hence more detailed insights into the four views. On the other hand, apart from its societal relevance, this study has some clear strengths. The study materials are strongly embedded in the academic literature and professional guidelines within the accountancy sector, and were thoroughly tested before the start of the data collection. As a result, we are confident that the study statements are representative of the variety of issues that auditors may consider important in their conception of their responsibilities. In addition, we collected rich quantitative and qualitative data that together allow for an in-depth investigation into the variety of views on auditor responsibilities, what characterizes them and distinguishes them from one another, and which dilemmas and conflicts auditors representing each view potentially face in practice. Finally, the materials developed can easily be used to replicate this study in different contexts, for example in teaching programmes, in firms or in other countries interested in exploring and discussing what it means to be a good auditor.

Looking at the characteristics of respondents, again with a note of caution, two further observations seem worth mentioning here. First, respondents that indicated

that public auditor was their preferred profession more often were associated with view 3 (*servicing society*). Second, almost all respondents significantly associated with view 2 (*servicing the client*) worked at one of the big four accountancy firms. Such observations may have some face validity, but it is important to investigate this further. A few lines of additional research seem particularly interesting. First, repeating the current study among students in more schools in order to confirm the findings presented here, or perhaps add to them would be useful. At the same time information could be collected about the curricula of the various programmes, especially concerning the level and type of attention devoted to ethics. Second, following novice auditors for a period of time, from when they start their education or job in accountancy until they have finished their studies and developed a few years of working experience, would give more insight into how, when and where auditors develop their conception of responsibilities, or perhaps how auditors select themselves

into teaching programmes or working environments that match their personal value orientations. Third, liaising with practice, for example an accountancy firm, and using the materials from this study to learn about the in-company views on when an auditor is doing a good job, and subsequently developing a training or monitoring programme to help foster the desired value orientation within the firm.

Concluding, we find considerable heterogeneity in auditors' views on when they are doing a good job, and these are associated with different ways of dealing with conflicting loyalties and other moral dilemmas that they may encounter in daily practice. Understanding the different moral compasses of auditors and their implications for good functioning of the profession is relevant to all private and public organizations that are concerned with or about the obligation that the accountancy sector has to society and is especially relevant for those teaching accountancy students.

Notes

1. Raw materials available upon request.
2. Nadere voorschriften controle- en overige standaarden vastgesteld bij bestuursbesluit van 6 december 2016.

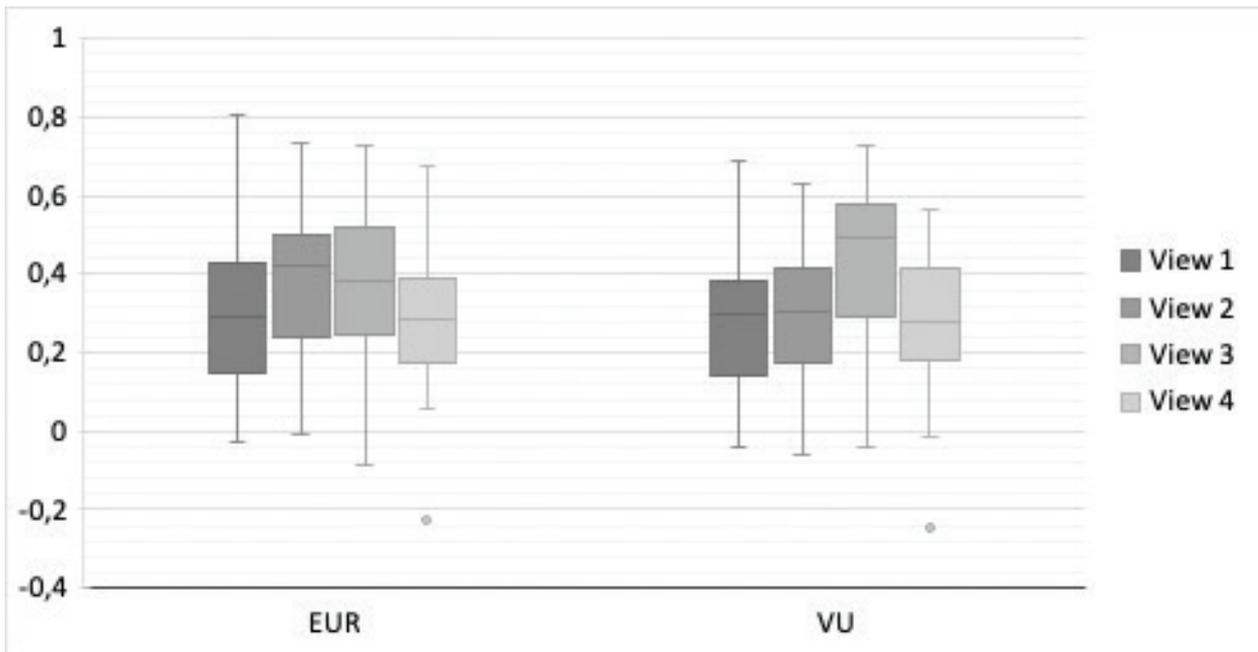
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Appendix 1



Factor loadings per university.

Appendix 2

Idealized rankings for the factors; distinguishing statements in bold.

MOST DISAGREE	<i>FACTOR 1</i>				MOST AGREE			
5. Auditors should be led by laws and regulations in their work, not personal principles.	34. The advisory role of the auditor is detrimental to objectivity.	10. To have a successful career, the auditor must be loyal to his/her employer.	16. If my employer has an assignment that conflicts with my conscience, I will not work on it.	21. The employer has more influence over how difficult choices are managed than codes of professional conduct.	35. Diligence is an important value for auditors.	27. Objectivity is an important value for auditors.	15. Integrity is an important value for auditors.	40. Communicative skills are important for an auditor.
3. Society would benefit from stringent laws and regulations for the accountancy sector.	30. It is important to maintain a distance from your client to be a good auditor.	12. Codes of professional conduct remove responsibility from individual auditors for difficult decisions.	25. If a client is involved in something immoral, it is the duty of the auditor to report that to the shareholders/supervisory body.	24. I prefer to disappoint the client rather than condone something, even if that costs me or my employer money.	22. In practice, difficult choices are more strongly influenced by discussion than by laws and regulations.	45. Confidentiality is an important value for auditors.	28. An auditor must be engaged with the company and wishes of the client.	4. Professionalism is an important value for auditors.
13. Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	1. Like doctors and lawyers, auditors should swear a moral oath.	33. So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	29. An auditor must be naturally sceptical and slightly suspicious.	31. Engagement with the client and independence are not contradictory. In fact, they enhance each other.	36. Efficiency and diligence sometimes clash in the accountancy sector.	37. An auditor must do what is right and not be led by time and budget pressure.	39. Striving to achieve the lowest price can sometimes be detrimental to professionalism.	
42. There is little internal control in accountancy firms.	26. Conflicts of interest with clients do not play an important role in the accountancy sector.	41. The corporate culture in the accountancy sector is authoritarian.	19. There should be more focus in accountancy courses on the social responsibility of auditors.	14. Auditors know what is right, but in everyday practice may make other choices.	32. Laws and regulations are detrimental to the productivity of auditors.	7. Laws and regulations prevent auditors from doing their job well.		
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	17. Auditors who violate laws and regulations must be privately prosecuted.	9. Auditors sometimes put their own interests above that of the client or society.	18. Accountancy courses must teach the ethics of the profession as well as the technical skills.	2. Managers of accountancy firms should ask critical questions rather than draw up guidelines and rules.	6. Auditors know what is right and wrong. They don't need laws and regulations to tell them.	23. An auditor's loyalty should be more with the client than with society.		
8. I don't need laws or regulations, but the accountancy sector would benefit from them.	38. An auditor should not worry about details but make sure that the overall picture is correct.	11. As an auditor, I am willing to break the law if I feel that this is for the best.	8. People should trust each other more in accountancy firms.	43. People should trust each other more in accountancy firms.				

MOST DISAGREE		FACTOR 2		MOST AGREE	
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	23. An auditor's loyalty should be more with the client than with society.	26. Conflicts of interest with clients do not play an important role in the accountancy sector.	33. So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	28. An auditor must be engaged with the company and wishes of the client.	31. Engagement with the client and independence are not contradictory. In fact, they enhance each other.
11. As an auditor, I am willing to break the law if I feel that this is for the best.	42. There is little internal control in accountancy firms.	6. Auditors know what is right and wrong. They don't need laws and regulations to tell them.	38. An auditor should not worry about details but make sure that the overall picture is correct.	2. Managers of accountancy firms should ask critical questions rather than draw up guidelines and rules.	44. An auditor who breaches their duty of confidentiality must be severely punished.
21. The employer has more influence over how difficult choices are managed than codes of professional conduct.	13. Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	43. People should trust each other more in accountancy firms.	3. Society would benefit from stringent laws and regulations for the accountancy sector.	32. Laws and regulations are detrimental to the productivity of auditors.	25. If a client is involved in something immoral, it is the duty of the auditor to report that to the shareholders/supervisory body.
30. It is important to maintain a distance from your client to be a good auditor.	7. Laws and regulations prevent auditors from doing their job well.	1. Like doctors and lawyers, auditors should swear a moral oath.	10. To have a successful career, the auditor must be loyal to his/her employer.	17. Auditors who violate laws and regulations must be privately prosecuted.	16. If my employer has an assignment that conflicts with my conscience, I will not work on it.
	34. The advisory role of the auditor is detrimental to objectivity.	41. The corporate culture in the accountancy sector is authoritarian.	9. Auditors sometimes put their own interests above that of the client or society.	18. Accountancy courses must teach the ethics of the profession as well as the technical skills.	40. Communicative skills are important for an auditor.
	14. Auditors know what is right, but in everyday practice may make other choices.	39. Striving to achieve the lowest price can sometimes be detrimental to professionalism.	5. Auditors should be led by laws and regulations in their work, not personal principles.	36. Efficiency and diligence sometimes clash in the accountancy sector.	37. An auditor must do what is right and not be led by time and budget pressure.
	19. There should be more focus in accountancy courses on the social responsibility of auditors.	29. An auditor must be naturally sceptical and slightly suspicious.	22. In practice, difficult choices are more strongly influenced by discussion than by laws and regulations.	24. I prefer to disappoint the client rather than condone something, even if that costs me or my employer money.	15. Integrity is an important value for auditors.
					27. Objectivity is an important value for auditors.

MOST DISAGREE	FACTOR 3					MOST AGREE
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	23. An auditor's loyalty should be more with the client than with society.	8. I don't need laws or regulations, but the accountability sector would benefit from them.	7. Laws and regulations prevent auditors from doing their job well.	1. Like doctors and lawyers, auditors should swear a moral oath.	17. Auditors who violate laws and regulations must be privately prosecuted.	37. An auditor must do what is right and not be led by time and budget pressure.
11. As an auditor, I am willing to break the law if I feel that this is for the best.	26. Conflicts of interest with clients do not play an important role in the accountability sector.	42. There is little internal control in accountability firms.	43. People should trust each other more in accountability firms.	9. Auditors sometimes put their own interests above that of the client or society.	44. An auditor who breaches their duty of confidentiality must be severely punished.	27. Objectivity is an important value for auditors.
	6. Auditors know what is right and wrong. They don't need laws and regulations to tell them.	13. Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	3. Society would benefit from stringent laws and regulations for the accountability sector.	2. Managers of accountability firms should ask critical questions rather than draw up guidelines and rules.	18. Accountancy courses must teach the ethics of the profession as well as the technical skills.	40. Communicative skills are important for an auditor.
33. So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	38. An auditor should not worry about details but make sure that the overall picture is correct.	10. To have a successful career, the auditor must be loyal to his/her employer.	32. Laws and regulations are detrimental to the productivity of auditors.	34. The advisory role of the auditor is detrimental to objectivity.	35. Diligence is an important value for auditors.	15. Integrity is an important value for auditors.
	12. Codes of professional conduct remove responsibility from individual auditors for difficult decisions.	31. Engagement with the client and independence are not contradictory. In fact, they enhance each other.	30. It is important to maintain a distance from your client to be a good auditor.	19. There should be more focus in the social responsibility of auditors.	45. Confidentiality is an important value for auditors.	
	21. The employer has more influence over how difficult choices are managed than codes of professional conduct.	28. An auditor must be engaged with the company and wishes of the client.	41. The corporate culture in the accountability sector is authoritarian.	4. Professionalism is an important value for auditors.	29. An auditor must be naturally sceptical and slightly suspicious.	
	5. Auditors should be led by laws and regulations in their work, not personal principles.	22. In practice, difficult choices are more strongly influenced by discussion than by laws and regulations.				

MOST DISAGREE		FACTOR 4				MOST AGREE		
20. Sometimes, you must do unethical things for a client. If you don't, a competitor will.	23. An auditor's loyalty should be more with the client than with society.	26. Conflicts of interest with clients do not play an important role in the accountancy sector.	13. Codes of professional conduct do not help limit wrongdoing. Only laws and regulations work.	12. Codes of professional conduct remove responsibility from individual auditors for difficult decisions.	31. Engagement with the client and independence are not contradictory. In fact, they enhance each other.	33. So long as they comply with laws and regulations, the main duty of an auditor is to fulfil the client's wishes.	4. Professionalism is an important value for auditors.	15. Integrity is an important value for auditors.
11. As an auditor, I am willing to break the law if I feel that this is for the best.	8. I don't need laws or regulations, but the accountancy sector would benefit from them.	6. Auditors know what is right and wrong. They don't need laws and regulations to tell them.	38. An auditor should not worry about details but make sure that the overall picture is correct.	3. Society would benefit from stringent laws and regulations for the accountancy sector.	22. In practice, difficult choices are more strongly influenced by discussion than by laws and regulations.	21. The employer has more influence over how difficult choices are managed than codes of professional conduct.	35. Diligence is an important value for auditors.	27. Objectivity is an important value for auditors.
	7. Laws and regulations prevent auditors from doing their job well.	42. There is little internal control in accountancy firms.	43. People should trust each other more in accountancy firms.	10. To have a successful career, the auditor must be loyal to his/her employer.	29. An auditor must be naturally sceptical and slightly suspicious.	28. An auditor must be engaged with the company and wishes of the client.	45. Confidentiality is an important value for auditors.	
	17. Auditors who violate laws and regulations must be privately prosecuted.	1. Like doctors and lawyers, auditors should swear a moral oath.	9. Auditors sometimes put their own interests above that of the client or society.	30. It is important to maintain a distance from your client to be a good auditor.	39. Striving to achieve the lowest price can sometimes be detrimental to professionalism.	25. If a client is involved in something immoral, it is the duty of the auditor to report that to the shareholders/supervisory body.	40. Communicative skills are important for an auditor.	
		44. An auditor who breaches their duty of confidentiality must be severely punished.	2. Managers of accountancy firms should ask critical questions rather than draw up guidelines and rules.	41. The corporate culture in the accountancy sector is authoritarian.	36. Efficiency and diligence sometimes clash in the accountancy sector.	16. If my employer has an assignment that conflicts with my conscience, I will not work on it.		
			32. Laws and regulations are detrimental to the productivity of auditors.	14. Auditors know what is right, but in everyday practice may make other choices.	24. I prefer to disappoint the client rather than condone something, even if that costs me or my employer money.			
			18. Accountancy courses must teach the ethics of the profession as well as the technical skills.	5. Auditors should be led by laws and regulations in their work, not personal principles.	37. An auditor must do what is right and not be led by time and budget pressure.			
				34. The advisory role of the auditor is detrimental to objectivity.				
				19. There should be more focus in accountancy courses on the social responsibility of auditors.				