

# The Effect of Motivational Values on Professionalism in Accounting

Masoumeh Sadat RASOULI<sup>1</sup>  
Bahman BANIMAHD<sup>2</sup>  
Ramezan Ali ROYAEI<sup>3</sup>

<sup>1</sup>Department of Accounting Islamic Azad University, Science and Research Branch, Tehran, Iran

<sup>1</sup>E-mail: [m.rasouli62@gmail.com](mailto:m.rasouli62@gmail.com) (Corresponding author)

**Abstract** This study attempts to find out various cultural aspects that have influenced on professionalism of accountants. The aim at this study is to explore a different approach to examine the influence of culture on accountant's professionalism by using Schwartz's (1992) model (universal structure of individual-level human motivational values) in domain of accounting. We use Gray model for detecting of professionalism. The findings of this study show that professionalism of accountants is affected by motivational values. Results show that security from motivational values can be influence on professionalism.

**Key words** Motivational value, culture, professionalism

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## 1. Introduction

According to the Institute of Chartered Accountants in England and Wales (ICAEW) Professional is a person who 'professes' to have skill resulting from a coherent course of study and training based on professional values, and who continues to develop and enhance those skills by experience and continuing professional education. A professional has skill, technical competence and professional values.

In this research we follow whether culture can influence on professionalism in Iranian accounting profession or motivational values can effect on professionalism.

Based on Hofstede's (1980) four cultural dimensions, Gray (1988) developed an exploratory framework in four accounting values of professionalism, uniformity, conservatism and secrecy and proposed that these values "may be used to explain and predict international differences in accounting systems and patterns of accounting development internationally (Gray, 1988). Gray (1988) identified four accounting values: one of these values is Professionalism versus statutory control.

This value reflects a preference for individual professional judgment and professional self regulation, as opposed to prescriptive legal requirements and statutory control. Links between Hofstede's cultural dimensions and Gray's accounting dimensions are postulated: Professionalism is firmly linked to high individualism, given the reliance on the judgment of the individual professional and the distaste for legal control, and weak uncertainly avoidance, given the acceptance of the inevitable variety in professional judgment. More tentatively, professionalism is linked to masculinity, given the concept of assertiveness, and small power distance, given the need for mutual trust.

This study attempts to find out various cultural aspects or various motivational values that can influence on professionalism in accounting or professional judgment and professional self regulation.

What is a profession, and what makes it different from other for-profit endeavors? Sociologists tell us that professions share certain attributes including expertise, monopoly, public interest, and self-regulation.

Expertise, or special knowledge, is acquired through higher education and extensive training. The knowledge is of an academic, theoretic nature. Hence, professionals sell advice, not things. The expertise is also characterized by the fact that it requires professional judgment, not just technical skills. If answers could always be found by reference to written materials, such as laws, codes, or detailed standards, the individual would be technician, not a professional. (Imad Faour, 2008).

For investigation dimensions of culture we use Schwartz's (1992) model (universal structure of individual-level human motivational values) to the domain of accounting. We use Schwartz model, because another models such as Hofstede and Gray have some criticisms.

Ding *et al.* (2005) express Hofstede's cultural dimensions model has been criticized in the literature (Baskerville, 2003; Gernon and Wallace, 1995; Hofstede, 2002, 2003; McSweeney, 2002a, b); it is extensively used in business-related (including accounting) research and psychological research (Sondergard, 1994). Baskerville (2003) argued that the embedding of the four dimensions in the social, political or economic measures indicates that the dimensions identified by Hofstede describe characteristics of different nations, most of which could be identified as socioeconomic in origin.

Ding *et al.* (2005) points out, since 1980, Hofstede's cultural dimensions have been validated against other external measurements and recent replications show no loss of validity (Barkema and Vermeulen, 1997; Hoppe, 1990; Sondergaard, 1994; van Oudenhoven, 2001).

Foo Yin (2008) notes, the concern by Baydoun and Willett (1995) with regards to the hypothetical framework postulated by Gray (1988) is the lack of theoretical rigor in the development of the linkage between cultural values and accounting practice vis-à-vis the accounting values as intervening explanatory variables. As such, the ability of the Hofstede-Gray framework to explain existing accounting practice is questionable. Hofstede's findings are limited to particular locations and organizations and the ability to generalize it to other populations is questionable.

The main weakness in Gray's hypothesis is failure to create an appropriate framework to examine the influence of culture on the technical dimension of accounting. Consequently, Gray's hypothesis on facets of accounting practice relating to the measurement and disclosure of corporate financial information that are affected by cultural values is incomplete.

We believe that choosing Schwartz's model can be one of the contributions of this survey because Schwartz's model has some advantage. Schwartz's (1992) structure of human values is based on the universal requirements of human existence. As a result, Schwartz's universal values may offer a more comprehensive approach to operate the complex cultural construct. This study provides some insights about accountant's culture's view on professionalism. It is another of contributions of this study.

Hofstede (2001) suggests that accounting is an activity that requires judgment. As a consequence, the practice of accounting is ruled by values and thus influenced by cultural differences. Culture is, therefore, a representation of the shared values, attitudes, beliefs and behaviors among a group of people. According to Smith and Schwartz (1997), values are a central element in the study of culture. Schwartz and Bilsky (1987) provided a conceptual definition of values as beliefs about desirable goals that guide a person's behavior. These goals are ordered in relative importance and transcend specific situations.

The basic question addressed in this study is: Do differences in motivational value can effect on professionalism .The primary objective of the study is to test of Schwartz's motivational value in association with accountant's professionalism.

## 2. Literature review

All activities in the domain of accounting involve human behavior. Observation, measurement, message preparation, message interpretation and decision-making are all aspects of human behavior (Henderson *et al.*, 1998). Researches show that culture influences on decision process and judgment. According to Smith and Schwartz (1997), values are a central element in the study of culture. We use Schwartz model for investigating of values effect on professionalism or individual Professional judgment and professional self regulation. Schwartz's (1992) ten individual-level motivational values are self-direction, stimulation, hedonism, achievement, power; security, conformity, tradition, benevolence and universalism. Figure 1 presents the relation between motivational values of Schwartz and accountant's professionalism.

The motivational goal of self-direction incorporates a set of values that include 'creativity, freedom, choosing own goals, curious' and 'independent' (Schwartz, 1992, p.7). According to Schwartz and Bilsky (1987, p.552), 'values in the self-direction domain refer to reliance on and gratification from one's independent capacities for decision-making, creativity, and action'. Self-direction values in accounting can

refer to the desire of accountants to exercise their professional judgment in carrying out their duties without being restricted by rules and regulations.

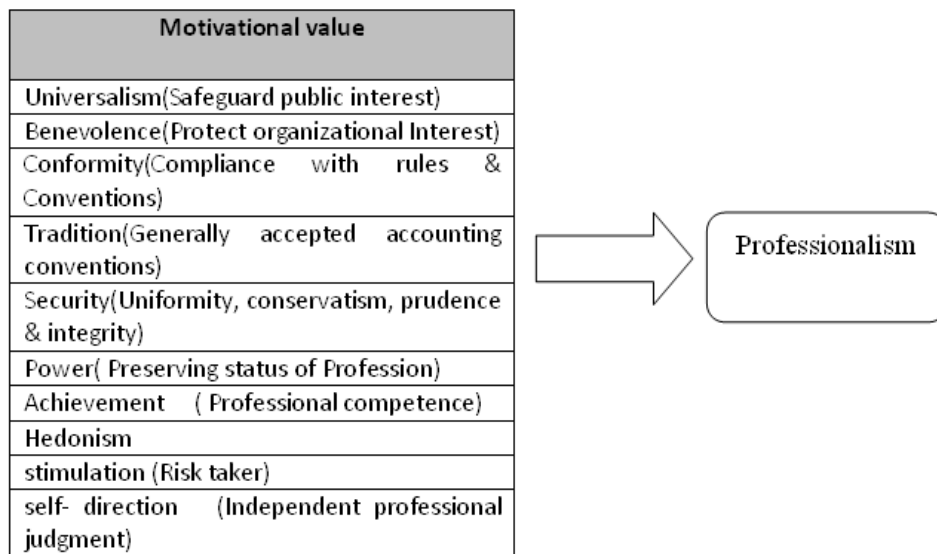


Figure 1. Motivational value and Professionalism

According to Schwartz (1992), the motivational goal of stimulation includes values that are derived from ‘the presumed organism need for variety and stimulation in order to maintain an optimal level of activation’.

The motivational goal of hedonism was explained by Schwartz (1992) to be derived from ‘the pleasure associated with satisfying’ physiological needs.

The defining goal for achievement includes striving for ‘personal success through demonstrating competence according to social standards’.

Power refers to the goal of the ‘attainment of social status and prestige, and control or dominance over people and resources’.

The motivational goal of security incorporates the desire for ‘safety, harmony, and stability of society, of relationships, and of self’.

The motivational goal for conformity is ‘restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms’ (Schwartz, 1992).

Tradition is a motivational goal that is closely related to conformity. The motivational goal of tradition includes the ‘respect, commitment, and acceptance of the customs and ideas that one’s culture or religion imposes on the individual’.

The motivational goal of benevolence refers to the ‘preservation and enhancement of the welfare of people with whom one is in frequent personal contact’.

Universalism incorporates the values of ‘broad-minded, social justice, equality, world at peace, world of beauty, unity with nature, wisdom’ and ‘protecting the environment’.

Chambers (1966) argued that the physical process of accounting involves the transmission of signs or signals that represent properties of the economic events and transactions. This physical aspect of accounting is affected by how the accountants perceive, interpret and evaluate the signs or signals and, consequently, influence the manner in which these signs or signals are communicated.

Young (2013) express, many researchers have been studied culture as a concept that influences every aspect of society, far beyond what is commonly recognized.

Culture influences accounting practice because accounting is a human activity and not merely a technical or physical process.

Belkaoui (1995) believes that culture determines the manner in which institutions are structured and managed, the behavior of individuals within these organizations as well as how these individuals think. Ultimately, culture affects the judgments and decisions made by individuals. Therefore, the outcome of the

judgment and decision process is relative to the culture in which it is made. Belkaoui describes the influence of culture on the judgment and decision process as cultural relativism. He argues that cultural relativism exists in the domain of accounting.

According to Baydoun and Willett (1995), the extent of the influence of culture on the technical dimension of accounting may vary depending on the distinction between measurement and disclosure issues in accounting.

Such judgments can be examined within the context of meeting the decision useful needs of users from different cultural groups.

Therefore, although an individual accountant may possess a unique set of values based on the nature of the early education and personal experiences, these values may begin to change when an individual undertakes an accounting education at the university and professional levels. The individual would acquire specific values that are promoted in accounting such as being conservative and prudent. These values would be reinforced by the institutions that subsequently employ the individual as well as by the individual's professional affiliations. The individual accountant would then possess the values that are shared within the institutions and professional associations. These shared or cultural values would now influence the accountant's behaviors and actions.

The term *professional accountant* describes a person who has expertise in the field of accountancy, achieved through formal education and practical experience, and who:

- Demonstrates and maintains competence;
- Complies with a code of ethics;
- Is held to a high professional standard; and,
- Is subject to enforcement by a professional accountancy organization or other regulatory mechanism.

In management accounting about professionalism versus statutory control we would see this manifesting itself as the emergence of technical recommendations from the accounting profession as compared to the provision of guidance on cost and management accounting by the government. Gray sees a strong link between professionalism and the cultural dimension of individualism (Oriol Amat *et al.*, 1998).

The proposed definition has been organized into three descriptive levels. On the highest and most definitive level, it states what a professional accountant *is* by emphasizing some form of official qualification (e.g., formal education, certification, and chartering). On the second level, it states what a professional accountant *does* by outlining the core responsibilities that imply the application of skills in the context of society's expectations (e.g., demonstrates competence, complies with Code of Ethics for Professional Accountants (the IESBA Code), and acts in the public interest).

On the third level (which is optional and contingent upon the characteristics of each jurisdiction), it states that professional accountants can be differentiated from one another by certain factors, such as types of responsibilities (e.g., professional accountants in business, public sector accountants, and auditors) and the level of formal training or education generally subject to jurisdictional considerations (IESBA, 2011).

So the shared or cultural values would now influence the accountant's behaviors and actions and some of these values can individual professional judgment and professional self regulation.

### 3. Methodology of research

The basic question addressed in this study is: Do differences in motivational value cause accountants in different education, and work experience, gender have different individual professional judgment.

So we set our hypothesis as follows:

*H1: The accountants' motivational values are associated with their Professionalism.*

As the aim in this study is to examine the attitudes, beliefs and opinions of the accountants about their motivational goals, professionalism in accounting, a survey research approach is adopted to obtain the data necessary for the testing of the relevant hypotheses. Many similar studies (Chanchani and Willett, 2004; Ngairé, 2006; Tsakumis, 2007) examining the perceptions of accountants have applied the survey research method.

The approach that we use in this study is the universal human motivational values discovered by Schwartz (1992) to the domain of accounting. Therefore, Schwartz *et al.* (2001) Portrait Value Questionnaire instrument would be incorporated into this study to capture the motivational values of the accountants in Iran. The questionnaire comprises forty short verbal portraits of a hypothetical person's goals, aspirations or wishes that point implicitly to the importance of a particular value and also for measuring the professionalism we use accounting values of Gray. The validity and reliability of the questionnaire has been tested in many diverse cultures and is considered appropriate for this study.

The data collected were analyzed using the statistical analysis software Statistical Package for the Social Sciences (SPSS) Version 21.0 and also Lisrel 8.5. In this study by Cochran's test 220 questionnaires were distributed among the Iranian accountant randomly that belong to different group and 150 completed questionnaires were obtained. Variables include ten individual-level motivational value types of self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence and universalism and also another variable include professionalism.

#### 4. Results and discussion

For analyzing hypothesis we use Structural equation modeling (SEM) and result of analyze are figure 2 and 3.

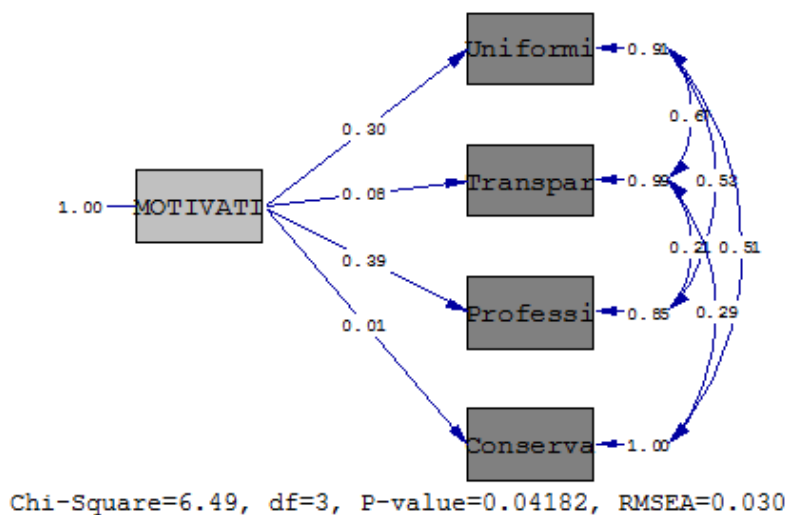


Figure 2. Standard measurement

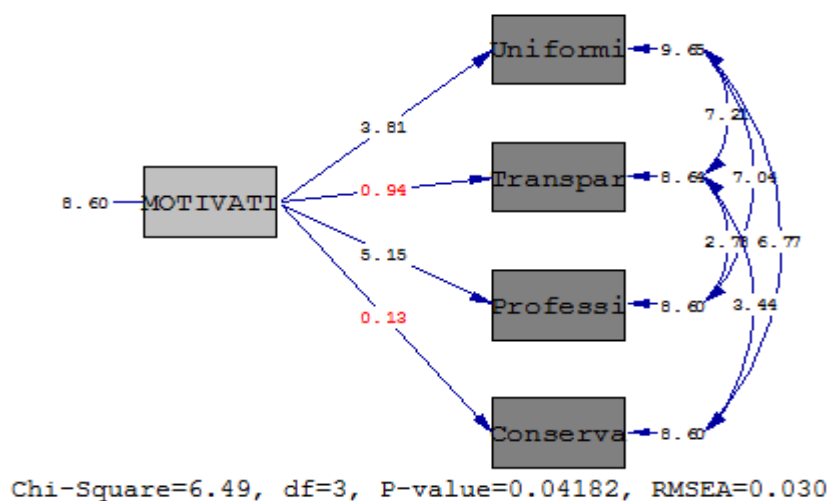


Figure 3. Significant measurement

Figure 2 and 3 show measurement model of effect motivational value on accounting value include uniformity, transparency, professionalism and conservatism. Result show that motivational values can be influence on professionalism and uniformity (table 1).

Table 1. Results

Variables	Standard	Sig
Accountants' motivational values and uniformity.	0.31	3.81
Accountants' motivational values and transparency.	0.08	0.94
Accountants' motivational values and Professionalism.	0.33	5.15
Accountants' motivational values and conservatism.	0.01	0.13

Table 2 show fitting indexes that model is suitable.

Table 2. Fitting indexes

IFI	NNFI	CFI	GFI	RMR	RMSEA	X2/df
0.96	0.97	0.94	0.90	0.036	0.030	2.16

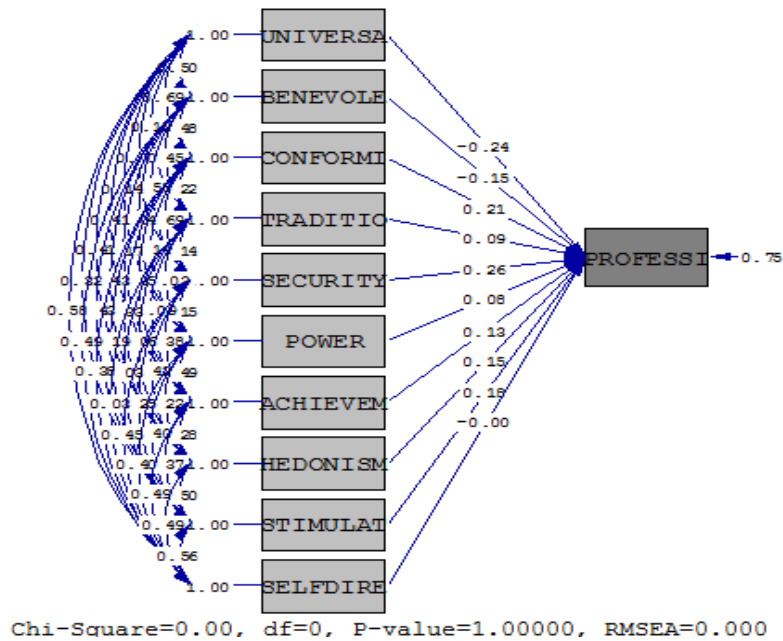


Figure 4. Standard measurement

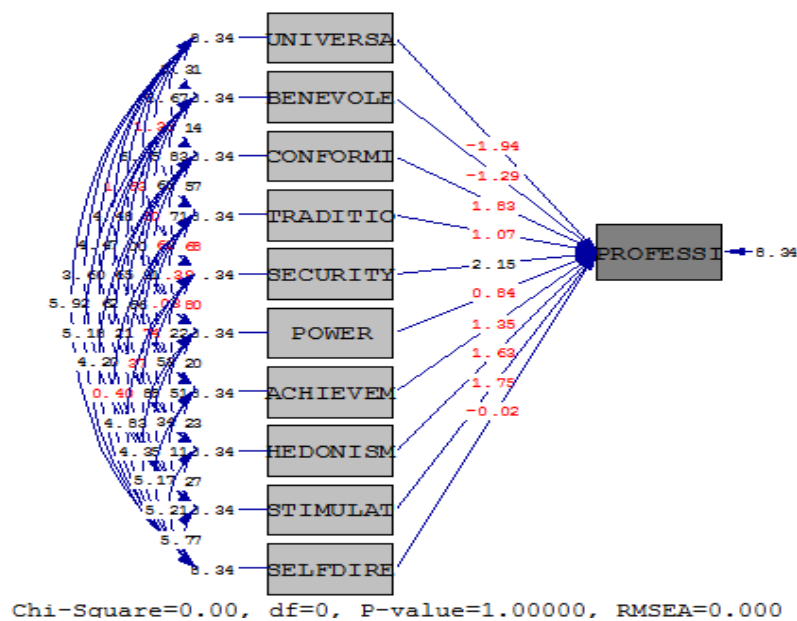


Figure 5. Standard measurement

Table 3. Result of hypothesis

Hypothesis	Standard	Sig
The universalism is associated with Professionalism.	0.24-	1.94-
The benevolence is associated with Professionalism.	0.15-	1.29-
The tradition is associated with Professionalism.	0.21	1.83
The conformity is associated with Professionalism.	0.09	1.07
The security is associated with Professionalism.	0.26	2.15
The power is associated with Professionalism.	0.08	0.84
The achievement is associated with Professionalism.	0.13	1.35
The hedonism s is associated with Professionalism.	0.15	1.63
The stimulation is associated with Professionalism.	0.18	1.75
The self-direction is associated with Professionalism.	0.00-	0.02-

a. Predictors: (Constant), self-direction, stimulation, hedonism, achievement, power, security, tradition, conformity, benevolence, universalism

b. Variable: professionalism

Table 3 reports correlations between motivational values and professionalism .Result shows that Security (Uniformity, conservatism, prudence & integrity) is effective parameter ( $p<.05$ ).

## 5. Conclusions

Preparation of financial statement needs professional judgment, which related to individual's culture values. The main purpose of this study was to explore different perspective of accountants' culture's perception on professionalism. We use Schwartz model, because another models have some criticisms. By adapting Schwartz's (1992) universal structure of human motivational values to the domain of accounting more comprehensive and rigorous set of accounting values was discovered. The findings of this study show that motivational values of accountants affect professionalism .There are significant correlations between the motivational values of Iran accountants and professionalism.

Therefore, the results from this study have shown that the accountants' motivational values have the capacity to explain the accountants' professional judgment in financial reporting.

The main contribution of this study is the further understanding of the complex construct of culture and its effects on accounting behavior.

The results from this study have provided empirical evidence of the existence of a set of unique accounting motivational values that can be used to explain accounting behavior. Result show Security (Uniformity, conservatism, prudence & integrity) is effective parameter. It explains that motivational goal of security incorporates the desire for 'safety, harmony, and stability of society, of relationships, and of self'. So professionalism in accounting is affected by secure environment and also stable condition.

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