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Research Paper

IMPACT OF PERSONALITY ON ETHICAL CONDUCT OF ACCOUNTING PROFESSIONALS

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ABSTRACT

Over the last few decades there is great debate over the ethical conduct of directors of the company, auditors and managers, especially in the corporate world. Harshad Mehta scam, satyam scam, Sarada group financial scandal all are the results of unethical practice of corporate professionals. This paper is mainly concern with the analysis of personality of young accounting professionals like CA, CS and MBA and the ethical conduct practiced by them. The study tries to establish relationship between personality and the ethical conduct practiced by these professionals. Further study tries to find out association between ethical papers and ethical conduct of the professionals. The study shows that there is negative correlation between extraversion personality and the ethical conduct. Furthermore, it shows that it is the profession which defines conduct as ethical or non-ethical. However, the professionals who studied ethics in their curriculum are more professional and ethical in their conduct.

KEY WORDS: Big five personality traits, ethics, extraversion

INTRODUCTION

Every human being has been created differently by the Mother Nature. This nature determines the way of reaction of individual to the environment or situation. This nature is also termed as personality of the individuals. Actually, the way an individual reacts, perceive, thinks, or behave to the environment is known as personality of the person. In more specific way, personality is a set of physical characteristics possessed by an individual that stimulate on cognition, motivation and behavior of an individual in different situation. It is a combination of unique characteristics of an individual which differentiate him from others. For example, some people are talkative and open minded but other maybe

not. Researchers like Margaret, 2009 suggest for use of personality profile as a tool for evaluation of employee performance and his/ her contribution to the organization. The success of any organization to a large extent depends upon the personality of its employees. The personality not only helps in achieving organizational objective, but also helps in profitability of the organization. Chen et al, 2002 recognized that profitability of the organization is directly dependent on degree of loyalty of the customer and impression of customers towards organizations employee is key for building such loyalty.



Employee's personal attributes, values, life skills and his efforts to maximize his/her job performance and contributing to the company tools that can be used to evaluate an employee (Margaret, 2009). Organizational performance can also be easily predicted with the help of personality as is defined as a situation when organization meet its set objectives with the help of all personality dimensions which affect performance. Actually it is the end result of all organizational processes and activities and employee's personality is an important weapon to achieve that successfully.

This research paper tries to find out the association between the individual personality of accounting professionals and their accounting practices. The research tries to build an insight into causes due to which a person makes frauds in the organization. It also tries to find out whether it is possible to reduce such unethical practices from the organization by providing ethical education to the future managers, accountant and legal advisors. To judge the personality, one dimension of big five inventories is used and for the ethical aspect structured questionnaire is used.

This paper is organised in five section: first part as discussed above, second part set up the theoretical framework of the study, third part discuss the research design and research methodology, fourth part deals with the analysis and finally fifth part represents findings and conclusions.

CONCEPTUAL FRAMEWORK

Personality is defined as traits that denote some uniqueness to the individual life and that can account for differences in behaviour across time & situation. The present empirical work has shown that there is a relationship between personality and ethical moral behaviors of employees (accounting professionals). Research on behaviour ethics (Trevino, weaver & Reynolds, 2006) has also decremented a line between personality and various antisocial outcomes (e.g. theft, deviance, unethical behavior) in the workplace. A commonly accepted framework from psychology conceptualizes personality as consistency of five factors (the Big 5") (e.g. Goldberg, 1993). Several writers have argued that some of these dimensions have implications

for morality. Big Five Theory was developed by Goldberg in year 1993. This theory had 44 items that measures an individual on Big Five Factors or dimensions of the personality. Each of these five factors is further sub divided into different personality traits. The Big Five Dimensions are:

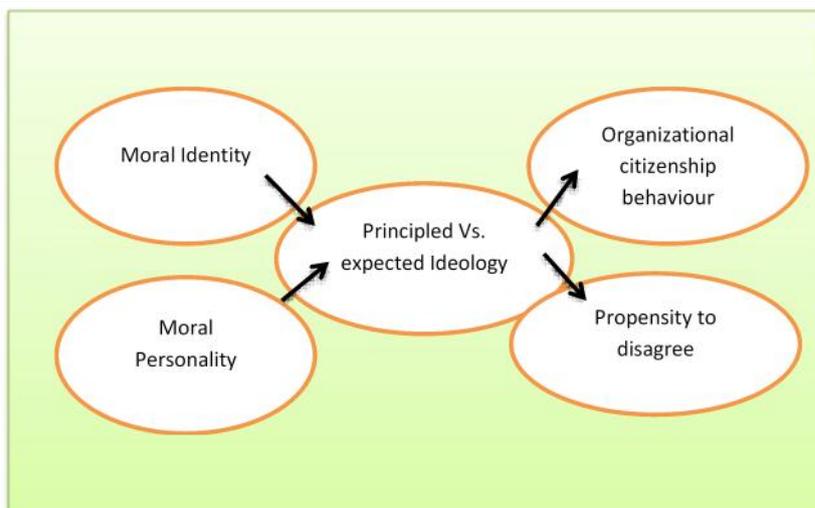
1. Extraversion vs. introversion
2. Agreeable vs. antagonism
3. Conscientiousness vs. lack of direction
4. Neuroticism vs. emotional stability
5. Openness vs. closedness to experience.

The people who are highly sociable, energetic, adventurous, enthusiastic, outgoing and assertiveness in their personality are extraversion personality people. While those who possess these personalities a little bit are introversion person. Similarly, agreeableness personality people have the traits like trust, modesty, tender mindedness (sympathy) and compliance. They are straight forward person. People who are efficient, organized, dutiful, self-discipline and deliberant, are conscientiousness type personality person. Neuroticism personality people are always tense, moody, angry, depress, vulnerable and shy. People who are curious, artistic, excited and unconventional are openness personality people. Among all these five dimensions extrovert personality is considered as a key to job satisfaction and have a positive impact on employee's performance (Judge et al, 2002 and Sinha, 2005).

Ethics studies the moral of an individual, nation or a social class. It studies how our decisions affect other people. It is a study of human rights & obligations, moral standards that people use while making decisions and the nature of people relations. Human resources of an organization i.e. individual traits of employee represent a critical link in ethical behave. (Bogdanovic, 2008, p-296)

According to Schlenker, miller & Johuson, ethical ideology is "*an integrated system of beliefs, values, standards and self-assessment that define an individual's orientation towards matters of right & wrong*".

The relation among personality, moral identity, ethical ideology & workplace outcomes are shown through following model-



Empirical research's by schlenaker & his colleges (2007 & 2008) shows that people who adopt a principles ethical ideology have higher standards for moral conduct report telling fewer lies are less likely to rationalize unethical & immoral behaviour & exhibit greater benevolence & helping behaviors.

Ethics is concerned with the individual's personal judgement about right and wrong. Actually ethics tries to answer questions like- what actions are right or wrong in particular circumstances. The accounting professionals like accountants, managers and auditors require high level of ethics in their profession as stake holders, investors, creditors and government rely heavily on the reports prepared by them for their investments. Therefore these professionals must follow ethics in their profession. Although ethics is toughed in various accounting courses at higher level and by the organizations to their accountants and managers while training them. Yet, due to diverse range of accounting practices, every year corporate frauds are heard. These frauds and scandals had resulted into wide spread disregard for the accounting professionals. To take care of this accounting organization and government have developed various rules and regulations. This paper tries to find out the type of personality and ethical conduct so that a relationship may be established between them and it is easy to find out the persons who may make fraud in future. Further it tries to find out the solution to this problem also.

RESEARCH DESIGN AND METHODOLOGY

The study is mainly based on the primary data collected through Questionnaire. Questionnaire consists of three parts 1, 2, and 3. First part deals with personal details of respondents such as sex, education, age, etc. while second part consists of 8 statements to measure the personality. Only extraversion personality question are used from Big Five model in the questionnaire and last part consists of 9 statements which are used to measure ethical conduct.

By including variables, questionnaire is prepared with five points Likert scaling system.

Then analysis is made with appropriate statistical tools, in order to prove the objectives of the study and to test the causal impact of personality on ethical conduct.

RESULTS AND DISCUSSION

Cronbach Alpha is the most commonly and widely used tool for the reliability and validity of questions in the questionnaires. The reliability of scale is very important as it shows the extent to which the scale produces the constant results if the results are made repeatedly. It is done by finding out the association between scores obtained by different administrators of the scale. If the association between the scores is high, the scale yields consistent result, thus is reliable. The reliability test for the whole 25 items in the questionnaire distributed shows 0.78 as the value of Cronbach alpha is more than 0.7 it is considered acceptable.

Table 1- Reliability Analysis

Variable	Driver	Number of Items	Cronbach Alpha (α)
Personality	Extraversion	8	0.80
Ethical Behaviour	Ethical conduct	8	0.79
Subject read	Study	4	0.75
Overall Scale Reliability			0.78

The table 1 above shows the Cronbach's Alpha for extraversion is (0.80), ethical behaviour (0.79) and subject read (0.75) are considered to be acceptable and has good reliability for the scale. Thus, the Cronbach's Alpha for all variables is considered and acceptable.

Descriptive analysis:-

The descriptive analysis of the study shows that almost all variables in the study are evenly distributed except age. The mean of the personality

was 2.1 which indicate that all 100 respondents are almost equally distributed as 1 was assigned to the high extroversion personality person, 2 was allotted to medium extroversion personality people and 3 to the low extroversion personality people. Similarly, the conduct of the respondent was coded as 3 for most ethical, 2 for moderate ethical and 1 for non-ethical. The mean indicates most of the responded are moderate ethical in their conduct. Most of the respondent had studied one or more subject during the study period in their life (mean 1.3).

Table 2- Descriptive Analysis

Descriptive Statistics			
	Mean	Std. Deviation	N
Type of personality	2.1000	.64354	100
Conduct is ethical or not	2.1600	.67749	100
Subject of ethics read	1.3000	.46057	100
Gender	1.4500	.50000	100
Age	1.1200	.35619	100
Profession	1.6200	.48783	100

Correlation Analysis:-

The correlation analysis shows that most of the variables under study are negatively correlated with each other. However gender of the respondent is positively correlated with the type of personality and

the subject of ethics read by the respondent. Again the profession of the respondent was also significantly correlated with the subject read of ethics by them.

Table 3- Correlation Analysis

Correlations						
	Type of personality	Conduct is ethical or not	Subject of ethics read	Gender	Age	Profession
Type of personality	1					
Conduct is ethical or not	-.060	1				
Subject of ethics read	.000	-.091	1			
Gender	.047	-.036	.066	1		
Age	.035	.003	-.099	-.023	1	
Profession	-.039	-.242*	.378**	-.079	-.142	1

*correlation is significant at 0.05 level (2-tailed)

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Implications of Research: Based on the findings, it is evident those high extroversion people are more ethical than low and moderate extroversion person. Therefore one should first identify the personality type before making any recruitment and selection decision regarding managers and accountant.

Further Research Direction: Since this study was conducted only on one aspect of personality, it may not be able to generalize the finding. However by conducting this research on all five personality traits could confirm the findings and maybe a significant contribution to this field of study.

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