An Empirical Exploration of Complex Accountability in Public Accounting

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1. Introduction

The purpose of this study is to improve our understanding of the behavior of accountants in public accounting settings, under the force of accountability. To date, accounting and psychology research on the effects of accountability on judgment has been limited in scope. There is little evidence on professional behavior in a realistic accountability setting. We propose an expanded characterization of accountability suitable to the public accounting setting and provide data on that characterization.

Full understanding of the behavior of the accountable people requires consideration of contextual factors (Ashton [1990], Johnson and Kaplan [1991], Lord [1992], and Messier and Quilliam [1992]). We use the self-reports of accountants in public accounting firms to incorporate some of the contextual factors associated with accountability in that setting. For instance, individuals in a public accounting firm may be

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accountable to multiple sources whose preferences may not be clear to
the individual.\(^1\) Accountability pressure is significant in public account-
ing; focusing on how it works provides insights into the behavior of
those in that environment.

Section 2 comments on the previous theoretical work in accountabil-
ity and discusses our extension into public accounting, where we found
that accountability in a professional setting is much more complex than
postulated from a laboratory setting; section 3 describes our question-
naire and research design; section 4 presents descriptive results of the
questionnaire; section 5 demonstrates the usefulness of the theoretical
extensions based on the questionnaire results; and section 6 provides
conclusions.

2. Embedding Accountability in the Public Accounting Setting

2.1 ACCOUNTABILITY

Without attempting to impose a single definition on a term that is in
common use and that researchers view somewhat differently, this paper
treats accountability as a relationship, driven by social, contractual,
hierarchical, or other factors, between the source (e.g., the principal)
and the accountable person (e.g., the agent) in which the latter has
incentives to behave as the former wishes. We examine accountability
from the accountable person's perspective, so our focus is on that per-
son's perceptions of the relationship and incentives, and that person's
preferences, cognitions, and responses.

Prior accountability research in simplified settings indicates that hold-
ing people accountable can often strongly influence their behavior and
judgment. Social psychology research laid the groundwork. Tetlock
[1985a] conceptualized the individual decision maker as a politician
who wishes to gain approval and acceptance from significant others.
Research on self-presentation and image management supports this
view (Cummings and Anton [1990], Fandt and Ferris [1990], Jones and
Pittman [1982], Kaplan and Reckers [1993], Schlenker [1975; 1980],
Schlenker and Goldman [1982], Schlenker and Weigold [1992], and
Tetlock [1981; 1985a].\(^2\)

Tetlock theorized that an accountable individual's response strategy
is aimed at action which is acceptable, but also cognitively efficient, en-
tailing no more cognitive effort than necessary. The application of this
to public accounting professionals is based on the proposition that

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\(^1\) We use the term "source" as a broad descriptor for any person to whom an individual
feels accountable. In the public accounting setting, a source of accountability may be a
person within the firm, a client, regulatory agencies, etc.

\(^2\) In this section, we have relied on numerous studies in psychology and auditing. To
avoid clutter, we acknowledge most studies only once.
social and cognitive forces are powerful in shaping such people’s responses to tasks, given important others such as superiors or clients. The psychological mechanism behind responses to accountability pressure can be summarized as having three parts: (1) the person feels such pressure; (2) the objective of the response is to gain approval or escape censure from the source of that pressure; and (3) the strategy is to achieve that objective in a way that minimizes cognitive effort. Three general kinds of cognitive strategies (Tetlock [1985a]) have been prominent in accountability studies, roughly reflecting the person’s compliance, noncompliance, or uncertainty about the source’s wishes:

(1) **Attitude Shift.** If the source’s preference is known, accountable people may be inclined to shift their attitude toward that preference, adopting this “socially acceptable” compliant position (Adelberg and Batson [1978], Messier and Quilliam [1992], Quilliam [1993], Tetlock [1983], and Tetlock, Skitka, and Boettger [1989]).

(2) **Defensiveness.** People may exhibit defensiveness before or after a noncompliant action. Defensiveness may take the form of justifications and rationalizations for judgments (Gibbins and Emby [1984], Messier and Quilliam [1992], and Quilliam [1993]).

(3) **Increased Cognitive Effort.** Studies indicate that when the preferences of the evaluating audience are not known, people may expend cognitive effort to identify an action or position deemed acceptable to that audience (Cvetkovich [1978], McAllister, Mitchell, and Beach [1979], Ford and Weldon [1981], Hagafors and Brehmer [1983], Lord [1992], Tetlock and Boettger [1989], and Tetlock and Kim [1987]). Accountability increases accuracy and consensus of judgments and improves self-insight among decision makers (Ashton [1990] and Johnson and Kaplan [1991]), though this depends on the task (Simonson and Nye [1992]). Through these changes in cognitive processing, accountability seems to reduce occurrence of judgmental biases, including primacy effects, recency effects (Kennedy [1993]), overconfidence, and errors in attributing causality to others’ behavior (Tetlock [1985b]).

### 2.2 THE PUBLIC ACCOUNTING SETTING

**A. Basics.** Based on the interpersonal psychology and auditing literatures, it seems plausible that public accountants, like others, feel accountable for judgments and behavior. They are motivated to gain

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5 Whether professionals should be responsive to such forces (Lord [1992]) is not addressed in this or similar accountability studies.

4 Effort minimization does not mean zero effort. For example, if there is risk or a likelihood that any behavior will have to be justified or documented (Gibbins [1984]), an accountant may expend some effort prior to any response.
social approval and acceptance from sources of accountability, since "accountability of conduct is a universal problem of social life with which people must deal" (Tetlock [1985a, p. 309]). Career advancement and other incentives, such as auditing standards, are likely to make accountability quite salient, though not necessarily equally so for all people or in all situations. Individual accountability involves relationships with powerful others, including superiors and colleagues (even subordinates), and individuals and groups outside the accounting firm, such as client management. It also seems plausible that public accountants prefer an effort-minimizing solution to accountability pressure, consistent with effort aversion presumed in economics, and with time pressure, fee competition, and practical pressures to be cost-effective (DeAngelo [1981], McDaniel [1990], and Staw [1980; 1981]).

B. Organizational and Professional Extensions. In the professional setting, we consider four components of the accountability relationship: the source (pressure), the accountable person, the interaction between them, and the person's response behavior:

(1) **Source of accountability.** It is likely that there will be multiple sources of accountability: others in the audit team, hierarchical superiors, clients, and third parties. Sources may not agree in their preferences; evidence of such variation is common in the literature on audit firms' relationships with clients (e.g., DeAngelo [1981], Gibbins and Mason [1988], Knapp [1985], and Nichols and Price [1976]). We consider accountability as a multiple-source phenomenon.

(2) **Accountable person.** The public accountant has career goals, a reputation, and other interests in a given outcome. Being experienced and knowledgeable, that person will have problem representations and likely preferences about outcomes (e.g., Bédard and Chi [forthcoming], Bonner and Pennington [1991], Frederick [1991], and Gibbins and Jamal [1993]). We consider the accountant's initial position on an issue as a potential variable in the accountability setting.5

(3) **Accountability relationship.** The accountable person perceives pressure exerted by the source(s). This pressure likely varies in strength and clarity. For example, the accountant is unlikely to view the client and the senior partner as equally important, at least across various situations, and the pressure from each is likely to be felt differently if the accountant is an engagement partner or a junior. Similarly, the clarity of the source's(s') preferred response(s) will likely vary: not all sources will be equally

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5 That position may well be influenced by the accountant's beliefs about morality and responsibility. We do not examine such antecedents in this paper.
clear and not all accountants will perceive direction equally clearly. We investigate variation in strength and clarity of accountability pressure.

(4) Response. We described three cognitive strategies: attitude change toward the source’s preference, defensiveness when that preference is not obeyed, and effort to analyze the situation and determine the source’s preference if it is unknown or unclear. A response may be more difficult when multiple sources vary in direction, clarity, and strength of pressure and when the accountant’s own position has to be taken into account. A significant delay in response is likely while the accountant figures out what to do. Standards, risk, or need for documentation (anticipated justification) may lead to delay even if the accountant knows what to do (Gibbins [1984] and Emby and Gibbins [1988]). There may also be a wider range of final responses than those described earlier (compliance plus attitude change and noncompliance plus defensiveness). An objective of this paper is to investigate a potentially broader range of responses and explore the activities that may occur during the delay between perception of pressure and response.

We predict an expanded range of responses, including a combination of actions and information gathering (which we term “delay” because it likely precedes action). Predicted response categories, described in more detail in table 1, reflect the following logic. If everyone agrees, or if the accountable person had no position, then action to comply with the source(s) would not imply attitude change. An accountable person might go along with the source(s), grudgingly, with little or no attitude change, if the person’s preference was strongly held or already on record. However, if the accountable person’s preference was not strongly held, compliance would be expected to produce attitude change. Finally, an accountable person who does not comply is expected to be defensive.

The accountable person might delay in order to inform or persuade the source(s) about his position and attempt to bring everyone into line (if preferences do not line up, both the accountable person and sources may change). Information gathering can be done to determine one’s own position, the preference of the source(s), or in support of one’s position.

In table 1, responses (4) and (5) are attitude shift and defensiveness, respectively, as described in previous accountability studies. Responses (1) to (5) are likely final, but responses (6) to (9) (“delays”) are likely to lead to other responses once analysis or information transmittal has taken place. There may be other responses, which we do not consider in table 1. The public accountant may not respond (perhaps hoping the
Table 1

Predicted Response Strategies to Accountability Situations

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Category Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Routine action</td>
<td>Action perceived to be obviously appropriate (&quot;no problem&quot;).</td>
</tr>
<tr>
<td>(2) Uninformed compliance</td>
<td>Action about which the actor has no preference or concern (&quot;if that's what they want I'll just do it&quot;).</td>
</tr>
<tr>
<td>(3) Grudging compliance</td>
<td>Action accompanied by frustration or concern but no attitude change or defensiveness (&quot;I don't like it but I have to do it&quot;).</td>
</tr>
<tr>
<td>(4) Adjusted compliance</td>
<td>Action accompanied by attitude shift in the direction of the source's preference (&quot;maybe the boss has a point&quot;).</td>
</tr>
<tr>
<td>(5) Defensive noncompliance</td>
<td>Action accompanied by defensiveness such as postaction defensive bolstering or pre- or post-action justification (&quot;as you can see, I had to do the right thing&quot;).</td>
</tr>
<tr>
<td>(6) Persuasion*</td>
<td>An attempt is made to inform or persuade the source about an alternative preference (&quot;I think I can bring the boss around to my way of thinking&quot;).</td>
</tr>
<tr>
<td>(7) Self-discovery*</td>
<td>Information gathering or introspection is undertaken to determine a personal position (&quot;I'm not sure where I stand here and had better find out&quot;).</td>
</tr>
<tr>
<td>(8) External discovery*</td>
<td>Information gathering is undertaken to determine other's(s') position(s) (&quot;I'm not sure what the boss really wants and had better find out&quot;).</td>
</tr>
<tr>
<td>(9) Self-support*</td>
<td>Information gathering to support defensive bolstering or persuasion (&quot;I need to do my homework on this if I'm to convince them&quot;).</td>
</tr>
</tbody>
</table>

*Responses (6) to (9) imply a delay prior to action but could also be simultaneous with or follow action.

The issue will "go away"); the issue may be redefined during information-gathering activities so that different sources or preferences become relevant; or there may be an unspecified information search reflecting confusion or used as a delaying tactic. There might sometimes be reluctance to gather information about preferences of unclear sources because clarified preferences may not turn out to be agreeable.

2.3 Research Expectations

Our context-based investigation of accountability in a public accounting setting involves several independent variables identified above and a variety of potential responses (dependent variables). We hypothesize that each independent variable is associated with the response pattern, which we divide into final actions (responses 1 to 5 of table 1) and delays (responses 6 to 9):
(1) Degree of agreement among and clarity of the direction implied by sources of accountability pressure is associated with the pattern of (a) action (H1a) and (b) delay (H1b).  
(2) The accountable accountant's own initial position on the issue is associated with the pattern of (a) action (H2a) and (b) delay (H2b); and 
(3) The strength of the felt pressure is associated with the pattern of (a) action (H3a) and (b) delay (H3b).

Our characterization is not detailed enough to support predictions of detailed responses within the overall pattern of action and delay. Also, we view degree of agreement and strength of pressure as aggregate variables and do not suggest or test for how the accountant might deal with an array of conflicting sources having differing degrees of pressure or importance. Perhaps such sources might be prioritized (Quilliam [1993]).

3. Research Design and Method

3.1 Research Design

We developed a questionnaire which would permit a large sample size and a wide geographical distribution of public accountants. The questionnaire was designed to follow the theory described above and to provide descriptive data to place the results in the respondents' professional context. We used "professional accounting" as the setting because our framework is not specific to any given accounting specialty. The questionnaire's structure is described below.  

Here we address five kinds of threats to validity in our design, because dealing with them affected our questionnaire design and affects our presentation of the results.

(1) **Respondent.** Our findings depend on the sample used. It is possible that only some types of accountants responded, so results are assessed in the context of the demographics of respondents and any evidence of sample peculiarity.

(2) **Description.** This was not a descriptive survey but was very much theory-based. As in experimental research, our goal was to observe response variation in a specified context and to determine whether, within that context, the response variation was associated with our experimental variables. The existence of some degree of accountability was presumed. Only specific kinds of

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6 Agreement and clarity are combined in hypothesis 1a and 1b because both our research design and the responses received did not clearly separate them.

7 Versions of the questionnaire were pretested with colleagues, Ph.D. students, and practicing accountants, including several senior partners.
accountability situations were sought. Examination of theory in a field-oriented setting, not ecological description, was our goal.

(3) Generalized recall biases. The questionnaire asked for recall of accountability situations, so respondents might have been subject to demand effects, and produced "unusual" recollections. To provide reassurance, we asked respondents to indicate how often they encountered the situations they chose.

(4) Interaction of biases with independent variables. Respondents might have described situations in which accountability loomed larger in retrospect than it did at the time. Similarly, responses may be biased by the recalled outcome of the situation or by feelings of accountability to the researchers, prompting "helpfulness." Reassurances, beyond the within-context analysis described, are threefold. First, the questionnaire provided minimal guidance on what an accountability situation might be like. Respondents were asked to write in their own words (later coded to categories not known to the respondents). Second, questions were simple and action-oriented, to avoid retrospection. Third, we asked no questions about the psychology of accountability to avoid contaminating the straightforward recall we sought or biasing responses toward our categories.

(5) Independent–dependent variable correlation. Our hypotheses focus on relationships among variables collected from the same questionnaires. The questionnaire was short to reduce fatigue or time pressure. Also, we used particularly extensive procedures to avoid creating spurious correlations during response coding. Those procedures are described in section 3.4.

Because of the likelihood of response biases remaining to some degree in spite of our attempts to reduce them, the questionnaire was designed to create and measure variations along the various theoretical dimensions so that relative effects could be determined, not to measure absolute levels of variables. Descriptive data are presented not as necessarily ecologically valid but to provide a context for the theoretical exploration.

3.2 Questionnaire Design

Our intent was to direct respondents as little as possible. We therefore used an open-ended style of questioning which asked them to give us examples from their own experience. A one-paragraph introductory scenario was developed based on a real case and this was used to explain briefly the issues (sources of accountability, strength of pressure, and clarity or agreement). Respondents were asked for brief lists of important general sources and rules affecting that pressure.8

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8 Because these were not connected to the specific accountability situations to which independent variables related and for which responses were described, they are not reported in this paper.
The questionnaire then solicited descriptions of two accountability situations from each respondent. There were two versions of the questionnaire (assigned at random), so each respondent provided either:

(a) a situation where the sources agreed and then a situation where sources disagreed; or
(b) a situation where the sources' preferences were clear and then a situation where the sources' preferences were unclear.

The questionnaire testing indicated that accountants saw agreement and clarity as similar in the multiple-source setting. If all the sources agreed, the pressure was clear; and if it was clear (given that we did not distinguish degrees of pressure among individual sources), the sources must be in agreement. Therefore, \( H1 \) combines agreement and clarity and we report three conditions for these: "clear and agreement" (the first situation for all respondents), and "unclear" and "disagreement" (the second situation for half the respondents each).

For each solicited situation, the questionnaire asked respondents to describe the circumstances as well as the source(s) initial preferences. They were asked to explain the obscurity in cases where the preferences were unclear. Next, they were asked to state their own initial positions (if any) in the situation, to indicate the strength of accountability pressure (as "relatively strong" or "relatively weak" given that they had indicated any personal position), and to describe the actions they took and why. Finally, respondents rated how often they encountered that type of situation on a five-point scale from "all the time" to "hardly at all." At the end of the questionnaire, all respondents were asked for information on professional certification, age, experience, gender, and position in the firm.

3.3. Administration

Contact persons, in local offices of public accounting firms across Canada and one in Bermuda, were approached initially by telephone and asked if they would participate. All those approached agreed. Each contact was asked to distribute six questionnaires among employees at all levels (partners through juniors) and in more than one specialty, including auditing, accounting, taxation, and insolvency. Contacts were asked to follow up to help ensure a high response rate. Respondents were assured of confidentiality and anonymity and had the option of mailing completed questionnaires directly to the researchers, to relieve any concerns that responses would be observed by others in the firm. Questionnaires returned through contact persons were in sealed envelopes. Respondents were asked to answer the questions in order and to complete the questionnaire without interruption. Questionnaires were distributed to 218 potential respondents in 37 public accounting firms (36 contact people were sent 6 questionnaires each; 1 contact was sent only 2 as requested). One hundred fifty-six questionnaires were returned, for a response rate of 71.5%.
3.4 CODING OF RESPONSES

Questionnaire coding was done following procedures particularly designed to ensure that the dependent variables (responses to the situation) were coded without coders' awareness of the independent variables (agreement, clarity, pressure strength, initial position), and vice versa. Though such awareness might have reduced random coding error, it might also have produced coding biases (such as artificial correlation between independent and dependent variables). All questionnaires were copied and cut up with scissors to separate independent and dependent variable portions, so that data coders would be aware only of the portions they were coding.

Independent variable coding was done by two research assistants who had access only to the situation description and questions concerning strength and situation.\(^9\) For the dependent variables, two coders, who were not involved in the independent variable coding and who had no knowledge of the independent variables, were given copies of table 1 (the response categories) and a diagram of those categories. Based on a small sample of responses, they developed a set of coding descriptions which provided for more than 40 categories: the categories of table 1 arranged in various combinations of delays and actions.\(^10\) Each coder categorized each situation separately; periodically, the two sets of codes were compared and discussed to resolve any disagreements. In 49% of the situations, there was immediate coding agreement. All but four of the remaining situations were resolved after discussion; those four were not included in analyses involving situational variables.

The variety of predicted responses in table 1 covered 91.7% of the reported situations. To account for the remaining 8.3%, coding had to recognize more complex sequences of delays prior to action than we had anticipated, and similar steps taken in various orders. Also, “inform or persuade” (category 6 in table 1) included some movement by various parties toward a compromise.

4. Descriptive Results

4.1 DEMOGRAPHICS

Our respondent group consists of 50 partners and directors, 76 managers and principals, 18 staff and seniors, and 11 juniors. One respondent did not indicate his position in the firm. One hundred forty-four respondents were professionally certified chartered accountants, and these respondents averaged 16.4 years since obtaining their professional

\(^9\) Coding disagreements were discussed until agreement was reached or coders agreed to disagree. A third coder reviewed all situations to verify the coding and, in cases of disagreement between the original coders, assigned a code.

\(^10\) We have used the term “delay” to represent any intermediate step prior to final action even if the actual temporal delay was very short.
TABLE 2
Accountability Situations by Frequency of Mention

<table>
<thead>
<tr>
<th>Accounting method/policy choice:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>45</td>
</tr>
<tr>
<td>Expense vs. capitalize</td>
<td>12</td>
</tr>
<tr>
<td>Going concern</td>
<td>12</td>
</tr>
<tr>
<td>GAAP violation issue</td>
<td>11</td>
</tr>
<tr>
<td>Lease accounting</td>
<td>9</td>
</tr>
<tr>
<td>Error or restatements re prior years</td>
<td>9</td>
</tr>
<tr>
<td>Asset sale</td>
<td>8</td>
</tr>
<tr>
<td>Disclosure and disclosure level choice</td>
<td>41</td>
</tr>
<tr>
<td>Balance sheet account valuation</td>
<td>32</td>
</tr>
<tr>
<td>Income statement item recognition</td>
<td>32</td>
</tr>
<tr>
<td>Income tax issue</td>
<td>31</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Conflict of interest involving the firm</td>
<td>11</td>
</tr>
<tr>
<td>Legal issue</td>
<td>9</td>
</tr>
<tr>
<td>Amount of time to devote to a job</td>
<td>9</td>
</tr>
<tr>
<td>Forecast</td>
<td>8</td>
</tr>
<tr>
<td>Code of conduct issue</td>
<td>6</td>
</tr>
<tr>
<td>Miscellaneous situations*</td>
<td>20</td>
</tr>
<tr>
<td>Total situations reported</td>
<td>305</td>
</tr>
</tbody>
</table>

*One situation was incompletely described and is not included in the \( \chi^2 \) analyses reported in the body of the paper.

designation. There were 114 males and 40 females; two respondents did not indicate their gender. \(^{11}\)

4.2 SITUATION DESCRIPTIONS

Equal numbers of agree/disagree and clear/unclear questionnaires were distributed. Seventy-six clear/unclear and 80 agree/disagree were returned (156 responses, two situations each, 312 total). As noted, we treat clear and agree situations as essentially the same. A few respondents did not describe a situation of the requested type; most commonly (17 cases) the respondent provided a disagreement situation when an unclear one was requested. We classified these responses as "disagree." In addition, there were seven blank or unusable responses, resulting in the following actual distribution: clear and agree 143, unclear 56, and disagree 106, a total of 305 usable responses. These situations are summarized in table 2.

Table 2 indicates a focus on accounting and disclosure. The category of the situation chosen (using the six subtotals of table 2) was weakly related to the agree/disagree or clear/unclear setting, a \( \chi^2 \) of 22.5 (15 df, \( p = .095 \)). \(^{12}\) For example, accounting situations appeared more

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\(^{11}\) Gender and position were correlated. For the males, 42% were partners or directors, 43% managers or principals, and only 15% seniors or juniors, whereas for the females the corresponding percentages were 5%, 70%, and 25%.

\(^{12}\) All analyses are limited to simply \( \chi^2 \) tests to avoid overreporting the results.
often as instances of disagreement and tax situations as instances of agreement.

4.3 INITIAL POSITION OF RESPONDENT COMPARED WITH SOURCES’ PREFERENCES

Respondents were asked to indicate what they initially wanted to do in the chosen situations, as compared to the accountability sources’ preferences. These initial positions showed considerable variation and frequent conflict with sources. In only 67 cases (22.6%) did the respondent agree initially with source(s), even though 143 of the 305 situations (47%) were clear/agreement cases. Disagreements with sources were equally likely (67 cases, 22.6%) and agreement with only some sources, who disagreed among themselves, was more likely (92 cases, 30.9%). The respondent was neutral 8.4% of the time and had a position on the issue 15.5% of the time even though the source(s) was/were unclear. The respondent’s initial position was weakly related to his/her rank/position and age (\( p = .09 \) and .09 by \( \chi^2 \) tests); partners and older respondents were less (more) likely to agree (disagree) and more likely to find sources unclear. Initial position was unrelated to any other demographic variables or to situation chosen. (This last result suggests again that respondent’s position is brought to the situation.) Initial position was related to the clear/agree/disagree/unclear setting (\( \chi^2 = 569.7, 9 \text{ df}, p = .0000 \)); it must be true, for example, that if sources disagreed, agreeing with one of them was much more likely than disagreeing with all of them. Initial position was also related to perceived strength of accountability pressure (\( \chi^2 = 13.4, 4 \text{ df}, p = .01 \)). Agreeing with all sources or not having an initial position was reported more frequently with weaker pressure; agreeing with at least one of disagreeing sources was reported more frequently with stronger pressure.

4.4 PERCEIVED ACCOUNTABILITY PRESSURE

We asked for perceived strength of accountability pressure, not differentiated by source. Of 303 respondents who provided this information, 239 rated the pressure “relatively strong” and 64 rated it “relatively weak.” Pressure was weakly related to the clear/agree/disagree/unclear setting (\( p = .10 \) by a \( \chi^2 \) test) but not to the specific situation categories of table 2 (\( p = .33 \)). It was also related to age, gender, and position (\( p = .08, .05, .05 \)). Pressure was perceived to increase with age and was felt more strongly by partners and by males.\(^{13}\)

4.5 SOME POTENTIAL RESPONSE BIASES

The response rate was 71.5%; the majority of people responded. We found no significant correlations between receipt date of response and

\(^{13}\) These are highly correlated effects: males were generally older and more senior in the firm than females.
reported strength of accountability pressure or frequency of encountering the situation specified.\textsuperscript{14}

The seniority of respondents might condition the theory tests. The situations chosen by respondents (table 2) were heavily accounting and disclosure-oriented (211 of 305 situations), but there were no apparent relations between respondent seniority and situation category.\textsuperscript{15}

As to respondents' ratings of how often they encountered the chosen situation (5 = "all the time", 1 = "hardly at all"), the preponderance of responses were 2, 3, or 4; the overall mean was 2.97. Feeling accountable was reported as common, but responses differed according to the three types of situation described in section 4.2 at $p < .0001$ ($\chi^2 = 32.71$, 8 df). Means were as follows: clear and agree 3.27, unclear 2.97, disagree 2.84.

5. \textit{Theoretical Expansion}

5.1 \textit{Responses to Accountability}

We predicted that public accountants use a number of specific responses to accountability situations, including direct actions and delays. As shown in table 3, the questionnaires provided 301 usable descriptions of responses, including all our predicted responses as well as some which we did not predict. In some cases, the respondent simply withdrew from the situation. In others, the respondent adopted a delay for the purpose of reaching compromise. Some delays were used in simultaneous combination with other categories of delay, such as using external discovery to accomplish another purpose, itself a different sort of delay. Finally, some respondents described one or more delays in the decision process but did not specify that decision. These are included as a separate category, since we do not know whether the final action was inadvertently omitted or the situation was taken out of the respondent's hands.

The dependent variable in our research design is the respondent's final action and delay combination, presented in table 3 by category. As shown in table 3, an expansion to our table 1 categories was the 9.3% of responses which reported two or three delays prior to final action. While these delays were mostly of types we had anticipated, they occurred in many combinations. The most frequent pattern of multiple delays (78%) involved a search for information, followed by persuasion.

\textsuperscript{14}Questionnaires were returned to us individually by mail or, most of the time, in groups by the contact persons, and we kept track of the order of receipt. We checked for effects of possible reluctance to respond by comparing early and late responses. We could not tell which questionnaires within a group were early or late and so coded all in the group with the same receipt date.

\textsuperscript{15}It is possible that choice of situation may have been a function of the respondent's specialty. We did not ask respondents for this information because we had no reason to expect differences by specialty, so we cannot determine whether situation choice was specialty-related.
**TABLE 3**  
*Questionnaire Responses to Accountability Situations*

<table>
<thead>
<tr>
<th>Immediate action:</th>
<th>Number of Situations</th>
<th>Percentage of 301 Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrew from situation</td>
<td>5</td>
<td>1.7%</td>
</tr>
<tr>
<td>Routine action</td>
<td>47</td>
<td>15.6%</td>
</tr>
<tr>
<td>Uninformed compliance</td>
<td>3</td>
<td>0.1%</td>
</tr>
<tr>
<td>Grudging compliance</td>
<td>17</td>
<td>5.6%</td>
</tr>
<tr>
<td>Adjusted compliance</td>
<td>28</td>
<td>9.3%</td>
</tr>
<tr>
<td>Defensive noncompliance</td>
<td>55</td>
<td>17.6%</td>
</tr>
<tr>
<td>Nondefensive noncompliance</td>
<td>5</td>
<td>158</td>
</tr>
</tbody>
</table>

Delays** associated with actions:

<table>
<thead>
<tr>
<th>Single delays:</th>
<th>Number of Situations</th>
<th>Percentage of 301 Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persuasion, or compromise followed by routine action</td>
<td>27</td>
<td>9.0%</td>
</tr>
<tr>
<td>Persuasion, followed by defensive noncompliance</td>
<td>9</td>
<td>3.0%</td>
</tr>
<tr>
<td>Self-discovery, followed by routine action</td>
<td>15</td>
<td>5.0%</td>
</tr>
<tr>
<td>External discovery, followed by routine action</td>
<td>5</td>
<td>1.7%</td>
</tr>
<tr>
<td>External discovery, followed by adjusted compliance</td>
<td>8</td>
<td>2.7%</td>
</tr>
<tr>
<td>Self-support, followed by routine action</td>
<td>4</td>
<td>1.3%</td>
</tr>
<tr>
<td>Compromise, followed by routine action</td>
<td>17</td>
<td>5.6%</td>
</tr>
<tr>
<td>External discovery for determining personal position, followed by routine action</td>
<td>4</td>
<td>1.3%</td>
</tr>
<tr>
<td>Other combinations</td>
<td>27</td>
<td>116</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Double delays:</th>
<th>Number of Situations</th>
<th>Percentage of 301 Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-discovery, followed by persuasion, followed by routine action</td>
<td>8</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other combinations</td>
<td>16</td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Triple delays</th>
<th>Number of Situations</th>
<th>Percentage of 301 Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>301</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

*There were 301 usable situations reported.

**For delays, only the most frequently observed categories are separately identified.

Routine action was associated with multiple delay responses in 70% of these situations.

5.2 HYPOTHESES: ACCOUNTABILITY RESPONSES TO SOURCE POSITIONS

Table 4 summarizes the 301 responses that were complete as to the three independent variables (sources' position, respondent's initial position, and pressure).
<table>
<thead>
<tr>
<th>Eventual Action (Table 1 Categories)</th>
<th>Delays (Table 1 Categories)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Clear agreement</td>
<td>75</td>
</tr>
<tr>
<td>Unclear</td>
<td>27</td>
</tr>
<tr>
<td>Disagreement</td>
<td>35</td>
</tr>
</tbody>
</table>

**A. H1(a), (b) Source Agreement/Clarity**
- Yes: 119 (Rout.), 20 (Grud.), 38 (Adj.), 74 (Def.), 21 (Nonc.), 155 (None), 60 (Pers.), 21 (Ext.), 32 (Self-Disc.), 24 (Ext. Self-Supp.).
- No: 17 (Rout.), 0 (Grud.), 2 (Adj.), 5 (Def.), 1 (Nonc.), 4 (None), 2 (Pers.), 16 (Ext.), 9 (Self-Disc.), 0 (Ext. Self-Supp.).

**B. H2 (a), (b) Accountants Initial Position**
1. Respondent specified a position:
   - Yes: Agree with all: 59 (Rout.), 0 (Grud.), 2 (Adj.), 2 (Def.), 4 (Nonc.), 42 (None), 11 (Pers.), 9 (Ext.), 4 (Self-Disc.), 4 (Ext. Self-Supp.).
   - No: Agree with all: 10 (Rout.), 11 (Grud.), 15 (Adj.), 27 (Def.), 4 (Nonc.), 44 (None), 13 (Pers.), 7 (Ext.), 8 (Self-Disc.), 5 (Ext. Self-Supp.).
   - Neutral: 17 (Rout.), 0 (Grud.), 2 (Adj.), 5 (Def.), 1 (Nonc.), 4 (None), 2 (Pers.), 16 (Ext.), 9 (Self-Disc.), 0 (Ext. Self-Supp.).
   - Had position, others unclear: 20 (Rout.), 1 (Grud.), 8 (Adj.), 14 (Def.), 3 (Nonc.), 25 (None), 10 (Pers.), 5 (Ext.), 9 (Self-Disc.), 5 (Ext. Self-Supp.).
   - Agree with some: 30 (Rout.), 8 (Grud.), 13 (Adj.), 31 (Def.), 10 (Nonc.), 44 (None), 26 (Pers.), 0 (Ext.), 11 (Self-Disc.), 10 (Ext. Self-Supp.).

**C. H3 (a), (b) Pressure from Sources**
- Relatively strong: 100 (Rout.), 18 (Grud.), 36 (Adj.), 69 (Def.), 14 (Nonc.), 127 (None), 49 (Pers.), 26 (Ext.), 31 (Self-Disc.), 17 (Ext. Self-Supp.).
- Relatively weak: 35 (Rout.), 2 (Grud.), 4 (Adj.), 11 (Def.), 10 (Nonc.), 33 (None), 13 (Pers.), 12 (Ext.), 10 (Self-Disc.), 7 (Ext. Self-Supp.).

**χ² tests for independence of rows and columns:**
- **H1 (a), H1 (b)**: χ² = 16.08, df = 8, P < .05; χ² = 21.92, df = 8, P < .01.
- **H2 (a) H2 (b) (1)**: χ² = 6.26, df = 4, N.S.; χ² = 70.16, df = 4, P < .0001.
- **(2)**: χ² = 97.65, df = 16, P < .0001; χ² = 88.66, df = 16, P < .0001.
- **H3 (a), H3 (b)**: χ² = 15.19, df = 4, P < .005; χ² = 2.79, df = 4, N.S.
Responses were related to the agreement/clarity conditions. $\chi^2$ tests of these relationships indicate that the eventual actions taken were related ($p < .05$) to the sources' positions, as were delays occurring prior to action ($p < .01$). Hypotheses $H1a$ and $H1b$ are therefore supported. As already indicated, we were not able to separate "agreement among sources" and "clarity of source position" as independent variables, because they were correlated in respondents' minds. Actions taken were not related to existence of an initial position but were related ($p < .0001$) to initial position relative to sources' positions. Delays were related to existence of an initial position ($p < .0001$) and to initial position relative to sources ($p < .0001$). Hypotheses $H2a$ and $H2b$ are therefore supported, though it is important to know what the accountant's position is relative to the sources, not just that the accountant has a position. It might be useful to examine the strength of that position directly. We did so only indirectly, via the measure of relative strength of the sources' pressure.

Regarding source pressure, a relation existed between action taken and pressure felt ($p < .005$) but no relation existed between delays and pressure felt. Hypothesis 3a (action) is therefore supported but $H3b$ (delay) is not. A clear test of $H3b$ would require differentiating the pressure by source, because delays include various processes of investigation, persuasion, and compromise that may depend on which source is applying what pressure.

The relationship between agreement/clarity and respondent's initial position is determined by the structure of our categories. The accountable person could not agree with all sources if they themselves were in disagreement or if their position was unclear. The category "had position" was necessary only for the situation where sources were unclear, since it would be possible to disagree or agree with one or more, which itself is possible only when sources disagree among themselves. Neutrality is possible (and found almost equally) across all the requested types of situations. These relationships are inherent in the research design.

Additional analyses show that pressure (two categories) is not significantly related to agreement/clarity (three categories). Pressure is related to initial position (five categories) ($\chi^2 = 13.4, p = 0.01$), where relatively lower pressure is associated with initial positions of agreement with all and neutrality, and relatively higher pressure is associated with initial position of agreement with one/some of the sources. Delay and final action are significantly related ($\chi^2 = 29.4, p = 0.005$). Delays are strongly associated with outcomes where everyone agrees (respondents used delays to bring everyone into agreement) and with defensive noncompliance (delays were used to study the situation or attempt to persuade, though agreement was not achieved). Delays were used significantly less in situations which resulted in other final actions.

5.3 ACTIONS AND ACTION PROCESSES

To provide more insight into the response patterns behind the relations reported, table 5 counts the total number of responses, showing
Eventual actions:

<table>
<thead>
<tr>
<th>Response</th>
<th>No Delay</th>
<th>Single Delay</th>
<th>Double Delay</th>
<th>Triple Delay</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine action</td>
<td>47</td>
<td>73</td>
<td>16</td>
<td>1</td>
<td>137</td>
</tr>
<tr>
<td>Uninformed compliance</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Grudging compliance</td>
<td>17</td>
<td>2</td>
<td>1</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Adjusted compliance</td>
<td>28</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>Defensive noncompliance</td>
<td>55</td>
<td>22</td>
<td>4</td>
<td>1</td>
<td>80</td>
</tr>
<tr>
<td>Nondefensive noncompliance</td>
<td>5</td>
<td>3</td>
<td></td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

Withdrawals and other:

<table>
<thead>
<tr>
<th></th>
<th>No Delay</th>
<th>Single Delay</th>
<th>Double Delay</th>
<th>Triple Delay</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persuasion/compromise</td>
<td>59</td>
<td>21</td>
<td>3</td>
<td></td>
<td>83</td>
</tr>
<tr>
<td>Self-discovery</td>
<td>27</td>
<td>9</td>
<td>2</td>
<td></td>
<td>38</td>
</tr>
<tr>
<td>External discovery</td>
<td>28</td>
<td>11</td>
<td>1</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Self-support</td>
<td>11</td>
<td>10</td>
<td>3</td>
<td></td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>158</td>
<td>241</td>
<td>75</td>
<td>12</td>
<td>486</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Percentage of 486 Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Routine action</td>
<td>28.2%</td>
</tr>
<tr>
<td>Uninformed compliance</td>
<td>.8%</td>
</tr>
<tr>
<td>Grudging compliance</td>
<td>4.1%</td>
</tr>
<tr>
<td>Adjusted compliance</td>
<td>8.2%</td>
</tr>
<tr>
<td>Defensive noncompliance</td>
<td>16.5%</td>
</tr>
<tr>
<td>Nondefensive noncompliance</td>
<td>1.6%</td>
</tr>
<tr>
<td>Withdrawals and other:</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Delays:

more than one response per situation when there was a delay: the delay response(s) plus the eventual action. Sequential responses are counted as a double or triple delay in table 5, but simultaneous delay responses would be counted as a single delay with three responses: two delay responses plus an action. Simultaneous delay responses occurred only 12 times.16

We make several observations about response patterns. First, immediate action was reported in 52.5% of the situations (table 3). Actions eventually occurred in 61.9% of the responses reported (table 5).

Second, the most frequent eventual response after a delay was routine action, which the top line of table 5 shows occurred in 90 (73 + 16 + 1) of table 3’s 143 (116 + 24 + 3) delay situations (62.9%). Routine action was less likely as an immediate response, occurring only 47 times in 158 situations (29.7%). This difference is significant ($\chi^2 = 32.62, 1 \text{ df}, p < .0001$), indicating that delay was largely used to clarify and resolve situations, making other actions such as noncompliance less likely. Supporting this, defensive noncompliance, the most frequent response in situations without delay (table 3: 53 of 158 situations: 33.5%), occurred

16 The totals from tables 3 and 5 may be reconciled as follows. The top part of table 3 (158 immediate action situations) is the same as the left column of table 5 (158 no-delay responses). Table 5’s 241 single-delay responses equal table 3’s 116 single-delay situations times 2, plus 9 simultaneous-delay responses. Table 5’s 75 double-delay responses equal table 3’s 24 double-delay situations times 3, plus 3 simultaneous-delay responses. Table 5’s 12 triple-delay responses equal table 3’s 3 triple-delay situations times 4.
in only 27 (table 5: 22 + 4 + 1) of the above 143 delay situations (18.9%), and adjusted compliance occurred in 28 nondelay situations (17.7%) but only 12 delay situations (8.4%). Both these differences are significant: for defensive noncompliance, $\chi^2 = 8.47$, 1 df, $p < .005$; and for adjusted compliance, $\chi^2 = 5.77$, 1 df, $p < .025$. Defensiveness and attitude change occurred more often when action was not preceded by attempts to understand or persuade.

Third, table 5 shows that persuasion-oriented processes during delays were the most common delay activity. This underscores the social nature of the reported accountability situations and indicates that the respondents viewed people’s positions as factors to be worked with and influenced. As noted, doing this was associated with less defensiveness and attitude change.

Finally, not apparent from tables 3 and 5, the associations between delay and eventual actions reveal that delay often appears to be successful at resolving differences. For example, the 83 attempts at persuasion/compromise reported in table 5 led eventually to the following actions: routine action 61 times, grudging compliance 3 times, adjusted compliance once, defensive noncompliance 12 times, and other actions 6 times.

5.4 ACCOUNTABILITY RESOLUTION THROUGH NEGOTIATION

Table 5 indicates that the respondent reported a final action agreed to by everyone about 47% of the time (137/289). The problem-solving process appeared to be aimed at getting consensus, as noted above. The converse is that the final action resulted in everyone not being on one side in 53% of the situations. In those situations where the outcome was not routine action, 64 (table 5: 4 + 20 + 40) of 152 (289 - 137) final actions resulted in the respondent complying with the sources’ wishes. While 40 of these (13.3% of 301 situations) involved attitude change, 20 resulted in grudging compliance, in which the respondent “went along” but did not change attitude. Even when the final action was not liked by the respondent, adoption of the attitude of the source(s) was not universal, and in the overall situations described, attitude change constituted a relatively small minority of responses.

In the 88 (table 5: 80 + 8) of 152 final actions where the respondent did not comply with sources’ wishes, defensive noncompliance is dominant: 26.6% (80/301) of total situations, 91% (80/88) of noncompliance situations. When the respondent took actions not in agreement with sources, it appears usual that defensive bolstering occurred along with the action taken. A major observation, however, is not that accountable individuals were defensive but that they were noncompliant.

\[17\text{Comparisons in this paragraph are based on the 289 cases in which a final action was reported by the respondent.}\]
Responses to our questionnaire indicate that reported accountability situations led to increased cognitive effort. Only 4 of 301 situations (and 486 responses) resulted in uninformed compliance.\textsuperscript{18} The remainder involved either moderate, or often a great deal of, effort on the part of the individual. A number of solution strategies, some of them complex, were reported.

The overall picture that emerges is that when there was not clear agreement, the respondent and the source(s) negotiated. The accountable individual seemed likely to respond to the situation by persuasion or by seeking compromise. These thrusts may have been preceded or accompanied by search for information, sometimes from external sources, and by self-support aimed either at establishing or reinforcing a personal position.

The accountability process is thus interdependent. The accountable individual experienced pressure to comply with the position of various sources, perhaps with strong incentives to do so. On the other hand, the individual usually had a personal position on the issue, possibly supported by codes of conduct or other rules. When sources disagreed, the accountant often sided with one or more sources, in opposition to others. Where the positions of sources were unclear, the accountant had to interpret the situation in light of personal position and past experience.

6. Conclusions

This study attempted to expand the conceptual base of accountability by placing it into the professional setting of the public accounting firm. Our questionnaire asked a large sample of accountants to describe accountability situations and the way they experienced accountability in these instances. Descriptive data placed the results in context, and the expanded base provided a richer characterization of accountability. The public accountants in our study, a senior and experienced group of professionals, related strongly to the questionnaire setting; the response rate was high and the respondents saw the situations they reported as common. They reported feeling strong accountability pressure in most of the situations they chose to describe.

We added three dimensions in constructing our model of accountability: degree of agreement/clarity of the source's (or sources') preferences for action, the accountable person's own position on the issue, and the perceived strength of the accountability pressure. These dimensions were all correlated with the reported responses to accountability situations. This supports the value of the expanded conceptual

\textsuperscript{18} The degree to which respondents were reluctant to discuss such issues is unknown. Respondents were willing to discuss a number of "sensitive" issues, but this one may have been difficult to admit.
base in matching the respondents' experiences, as well as the particular set of independent variables used in our hypotheses.

Our study is certainly not definitive. The coding procedures were difficult, partly because of our enforced separation of dependent and independent variables, and there was undoubtedly error in those procedures. We did not successfully distinguish between agreement and clarity as independent variables. Much more investigation and refinement of field-oriented data gathering such as ours is needed. However, we believe our study demonstrates the value of extending general theory to incorporate factors likely to be important in accounting situations, and of testing that extended theory in naturally defined settings that permit practicing accountants to describe their experiences in their own language.

A number of avenues for future research appear fruitful. First, the degree of complexity in the decision/solution paths actually chosen by respondents was greater than our response predictions; a finer theoretical structure could take this complexity into account. Specific response strategy predictions incorporating delays and action could examine whether prioritizing sources is a part of such strategies. Second, our independent variables (clarity, agreement, respondent's initial position, and pressure strength) were somewhat correlated in our data. Separating those effects would improve the theoretical framework of accountability. Third, accountability effects may differ by specialty (e.g., auditing). Fourth, reasons for the existence of accountability in public accounting could be explored; a theory of accountability in public accounting must eventually provide such an understanding.

Experimental testing could proceed to explore these situations in a controlled environment. Results from experiment(s) might then be extended once again into a natural setting. Since our research was unable to make the appropriate separation between our categories of "agreement" and "clarity," for example, experimental research could explore this issue. Also, a deeper inquiry into the nature and complexity of "delays" appears amenable to experimental manipulation. This aspect should prove especially interesting, since it is the least expected of our findings and appears to hold the most promise for understanding the actual process involved in dealing with accountability situations.

REFERENCES


COMPLEX ACCOUNTABILITY IN PUBLIC ACCOUNTING 185


