

Trainee Accountants' Perceptions of the Current State of the Accountancy Profession in South Africa and their Responses Based on the EVLN Model

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Abstract: This article investigates the current state of the accountancy profession in South Africa in light of the recent accounting scandals and how these negative perceptions impact the response of Trainee Accountants' (TAs). An anonymous questionnaire was directed to TAs affiliated with two local professional accounting organisations. Results were generalised using descriptive statistics which followed a deductive approach. Findings suggest that majority of TAs were influenced by the current state of the profession. These recent scandals have created negative perceptions of the profession as TAs indicated that these reports make them 'pessimistic'. Analysis of the EVLN (Exit, Voice, Loyalty and Neglect) employee behavioural response model suggests that TAs with negative perceptions were more inclined to demonstrating E and V rather than L and N.

Keywords: accounting scandals; EVLN model; perceptions; South African accountancy profession; trainee accountants

JEL Classification: M140

1. Introduction

For seven years, the South African accountancy profession was ranked by the World Economic Forum (WEF) as the number one country for auditing, corporate governance and reporting standards (Accounting Weekly, 2017; World Economic Forum, 2018). Within a year, South Africa's ranking decreased by thirty positions with media reports published during late 2017 citing corporate accounting scandals as a major influence (Accounting Weekly, 2017; World Economic Forum, 2018). Both professional accountants and Trainee Accountants (TAs) failed to protect the South African economy from corruption and poor corporate governance and this has created a loss of confidence and trust in the profession (Gibson, 2018). This loss of trust, mainly resulting from the inappropriate issuing of unqualified audit opinions, has had far-reaching implications (Corruption Watch, 2018).

Even with an unqualified audit report, the 2017 Annual Financial Statements (AFS) of Venda Building Society (VBS) Mutual Bank was found to be at least R 900 billion short in the disclosed cash amount (Donnelly, 2018). This led to an estimated R300 million in Government Employee Pension Funds (GEPPF) being eroded (Merten, 2018). Similarly, widespread accounting irregularities in the 2016 Annual Financial Statements (AFS) of Steinhoff International Holdings N.V resulted in a \$15 billion loss in market value (Reuters, 2018).

Meanwhile, the 2014 AFS of Linkway Trading (Pty) Ltd (2014), a company which is part of the

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Oakbay Investments group, contained an unqualified audit opinion. However, during June 2017 a series of e-mails leaked by amaBhughane (known as the Gupta leaks) raised speculation about the tax deductibility of wedding expenses for a 2013 Gupta wedding held at Sun City Resort (IRBA, 2018). These wedding expenses were later reported and argued in court to have been fraudulently obtained from the misappropriation of funds of a dairy farm project which was supposed to assist the local community members of Vrede in the Free State province (African News Agency, 2018; IRBA, 2018).

Nkonki Incorporated (Inc.), a South African accountancy firm, voluntarily liquidated its operations after the CEO was accused by amaBunghane of fronting a 67% management buy-out achieved through funds obtained from someone who is believed to be closely associated with the Gupta family and allegations of state capture (Times Live, 2018). The voluntary liquidation of Nkonki Inc. resulted in the loss of almost 400 jobs (Niselow, 2018b).

TAs are those who have just started working in the profession. They are individuals completing a training programme with an accounting firm accredited by an accountancy body. An area of concern which needs further investigation and meaningful understanding is the influence which these scandals have on TAs' perceptions and their responses to this (Bryman, 2007). Through the use of a sub-research problems, this research investigates whether the TAs' perceptions of the profession have changed by comparing TAs' perceptions before the scandals to their perceptions during the scandals. Literature suggests that before the scandals, TAs had perceptions of the profession as one which maintains high standards of ethics, accountability and professionalism (Hopwood, 1987; Verhoef, 2013).

The scandals, which TAs may have been informed about, may have been unfavourable organizational circumstances resulting in problematic working condition for TAs and therefore, may have deterred or boosted a certain behaviour amongst TAs. Byrne and Willis (2005) support and acknowledge the assertion by J. Cohen and Hanno (1993) that behaviour is stimulated by personal beliefs and other factors which may discourage or increase certain behaviours. For example, perceptions are mechanisms for influencing career choice and attracting skilled accountants to the profession (Byrne & Willis, 2005). For these reasons the application of an employee behavioural response model to evaluate the TAs' perceptions seems appropriate for such a complex analysis (Alvesson & Sandberg, 2011). Such a research question will assist in raising awareness for such a hidden concept.

The findings may be useful to accountancy bodies which have the responsibility of monitoring perceptions of the profession (Cory, 1992). In addition, the findings may change the existing understanding about TAs which will contribute to the development of theory (Crane, Henriques, Husted, & Matten, 2016). This in turn may assist accountancy firms in recruiting top quality TAs who are able to maintain the ethics, accountability and transparency for which the profession is known.

Asking TAs to provide opinions about themes which may matter to them is more likely to encourage public debate (Takeuchi, Hine, & Chavez, 2015). It may also provide TAs with the forum to voice their opinions about the profession and, in so doing, it may draw attention to other important aspects which may have been ignored (Seaford, 2013; Takeuchi et al., 2015). Collecting timely data about perceptions may assist in detecting warning signals about when TAs are dissatisfied and when intervention is needed (Takeuchi et al., 2015). Scholars suggest that TAs take their perceptions of the profession into consideration (Byrne & Willis, 2005; Wessels & Steenkamp, 2009). Furthermore, Fedoryshyn and Tyson (2003) argue that identifying and addressing negative perceptions are the primary steps, which can be used to encourage behavioural changes within the profession so that

legitimacy can be restored.

Applying the EVLN model to this research will be useful as the argument by Hirschman (1970) suggests that accountancy bodies regulating the profession may be able to receive signals about crises in the profession if TAs ‘exit’ from accounting firms or ‘voice’ their opinion about accounting scandals. The degree to which the profession will be able to recover from these crises is dependent on how much change is brought about by TAs who are leaving the firm and TAs who are voicing their opinion (Withey & Cooper, 1989).

The main delimiting factor of this research is that the questionnaire survey was only distributed to TAs who are affiliated with SAICA and SAIPA. TAs affiliated with other smaller South African accountancy bodies were not invited to complete the questionnaire survey.

2. Literature Review

2.1. Accounting Scandals

Jones (2011) defines corporate accounting scandals as the ‘extreme abuse of financial reporting’, while, Griffiths (1986) delineates accounting scandals as the ‘gentle cooking’ or the ‘complete roasting’ of the financial accounts of a corporation. However, Clemente and Gabbioneta (2017) oppose the arguments of Jones (2011) and of Griffiths (1986) by contending that accounting scandals are actually the failures of accountancy bodies as social control agents in preventing irregularities from occurring which consequently inflicts indirect economic and social costs and negatively affects the reputation and image of the profession. Despite arguments over the definition of corporate accounting scandals, the common feature in scandals is that there is a ‘tainted element’ in the AFS of the implicated corporations or an irregularity creating ‘confidence gaps’ in financial reporting services (Bhasin, 2013; Jones, 2011).

Crutchley, Jensen, and Marshall (2007) identified the foundation of scandals to be overcommitted independent directors with fewer of these independent directors sitting on the audit committee, and rapid growth achieved through high earnings smoothing. For example, the Steinhoff scandals involved Steinhoff experiencing exponential growth through its rapid acquisitions and also involved a lack of governance from its board of directors (Lungisa, 2018). However, Owolabi (2011) recognised corruption as a factor causing scandals, as he found a moderate but weak positive relationship between the occurrence of scandals and corruption. For example, the KPMG scandal has been reported in light of corruption and allegations of state capture (Kambayoshi, 2018). The lack of ethics can be one of the biggest factors causing accounting scandals (Bayou, Reinstein, & Williams, 2011). For example, the Nkonki scandal demonstrates the unethical behaviour of the CEO (Times Live, 2018).

Earlier empirical studies have found that the behaviours of accountants during scandals involves unethical practices such as disguising transactions, ignoring managements’ unethical behaviour by ‘looking the other way’, providing unbalanced advice, abusing the trust of the stakeholders and misusing the insider information (Low, Davey, & Hooper, 2008). These kinds of behaviour undermine the integrity and legitimacy of the profession (Low et al., 2008). For example, unemployment, poverty and the debt burden in Nigeria is accredited to the ‘pride’ with which accountants view antisocial and corrupt practices (Bakre, 2007). Bakre (2007) argues that accountants in Nigeria, perceive rules as ‘made to be broken’ and always choose self-interest over the ideals of the profession. These accountants who are members of the Institute of Chartered Accountants of Nigeria (ICAN) have been

blamed for the corporate failure of Nigerian banking corporations by falsifying the AFS and overstating account balances (Bakre, 2007). Deficiencies in AFS disclosures reduce confidence in the ethical behaviour of TAs (Sadler & Barac, 2005). These kinds of behaviour prompt the profession to restore confidence by seeking to hire ethical TAs and also encourages the inclusion of ethics training programmes in accountancy degrees offered at higher education institutions (Padia & Maroun, 2012; Wessels & Steenkamp, 2009).

When TAs are part of an audit team, a considerable amount of trust is placed in the TAs by investors and creditors and the TAs have a special ethical responsibility (Sadler & Barac, 2005). This trust is important in ensuring the efficiency of capital markets in allocating resources (Sadler & Barac, 2005). Therefore, the argument is that TAs act as gatekeepers of the financial markets by assisting audit teams in providing assurance over the quality and integrity of the preparation of the AFS (Sadler & Barac, 2005).

It is also argued that legitimacy in the profession is hampered by accountants who engage in professional misconduct and unethical practices as a means of enhancing the earnings of the accounting firms and enhancing the probability of financial rewards through the performance management system (Bakre, 2007; Neu & Wright, 1992). Society has granted accountants, including the TAs who work for accounting firms, the sole privilege and responsibility of reporting on the truthfulness and legitimacy of AFS (Bayou et al., 2011).

2.2. TAs and their Perceptions

TAs are supposed to be the brand ambassadors of the accountancy profession (SAICA, 2018). However, SAICA has reported that during 2016, there were 330 complaints received regarding TAs who had contravened the professional examination rules, while 39 complaints were received in relation to non-examination contraventions and were handled by the Public Complaints Commission (PCC) (SAICA, 2018). This demonstration of low levels of ethics by TAs is consistent with the findings of research by Padia and Maroun (2012), Sadler and Barac (2005) and Soni, Maroun, and Padia (2015). Over the years the responsibility which comes to each TA who wishes to gain the right to use professional accountancy designations such as CA(SA) or PA(SA), (CA(SA) is SAICA's designation and PA(SA) is SAIPA's designation), is that he or she needs to amend his or her own existing moral beliefs (Bayou et al., 2011). This responsibility is evidenced in SAICA's motto of 'integritas', meaning soundness and integrity and which creates a basis for the development of a culture of professional ethics (Mohrmann, 2004). In addition, the most important values central to the profession and assisting in preventing most scandals are that all TAs need first to tell the truth and secondly commit to telling the truth (Shaub & Fisher, 2008).

2.3. Perceptual Control Theory (PCT)

We now consider the underlying theory on which this research is based. Perceptions are a psychological phenomenon describing the enduring, but not fixed, emotions, beliefs and behaviours expressed by individuals such as TAs towards people, events or objects (Cherry, 2018; Hagood, 2017). Perceptions could also be construed as learned tendencies or as the ways in which TAs evaluate their surroundings (Cherry, 2018; Hagood, 2017). On the one hand, explicit perceptions are the perceptions

which TAs are aware of while implicit perceptions are the unconsciously developed perceptions TAs are not aware of (Cherry, 2018).

This research is grounded in a positivist research paradigm (Mackenzie & Knipe, 2006), the research tests the Perceptual Control Theory (PCT) by observing the TAs' perceptions of the profession while controlling the elements surrounding the TAs by limiting the study to the period of the scandals.

William Treval Powers conceived PCT in 1952 and construed it as a theory of human behaviour which views individuals as living control systems who control their perceptions through their behaviour. The theory is grounded on a negative feedback control system and proposes that, in reaction to stimuli, individuals change their behaviour as a way of controlling their perceptions (Kaufman, 2018). However, this reflex works much like a thermostat in that it is only triggered by certain stimuli requiring actions which keep perceptions within an acceptable boundary (Kaufman, 2018).

An application of PCT in the workplace occurs when there is a psychological contract violation. When an organisation fails to keep its commitments to its employees, this is known as a psychological contract violation; similarly, when accountancy bodies fail to keep their commitments to their current and prospective members there is a psychological contract violation (Tomprou, Rousseau, & Hansen, 2015). The psychological contract is the beliefs which these members have about the expected roles of accountancy bodies and is also what these members contribute in return for this expectation (Rousseau, 1998). Because of psychological contract violations, members may need to cope with the failures of accountancy bodies in protecting the profession's reputation and the impact is that these members may lose confidence in these bodies by becoming cynical and distrustful (Tomprou et al., 2015).

Robinson and Morrison (2000) suggest that a violation of the psychological contract may be detected when TAs are distressed, angry or have negative perceptions. As a result of these negative perceptions, TAs may act in several different ways such as neglecting their duties at work or voicing their opinion (Tomprou et al., 2015). Arguments by scholars who have studied psychological contract violations suggest that TAs' responses are governed by self-regulation which is based on a feedback loop monitoring which controls the TAs' behaviours (Lord, Diefendorff, Schmidt, & Hall, 2010; Rousseau, 2011; Tomprou et al., 2015). TAs' choice of response may be based on their assessment of the likelihood of reducing the detected stimuli (Scheier, Carver, & Bridges, 2001). These responses may serve to control the TAs' perceptions within a set boundary by, for example, reducing their expectations to be aligned with their current experience which is an application of PCT (Scheier et al., 2001; Tomprou et al., 2015).

Tomprou et al. (2015) performed a detailed study examining the meta-monitoring loop in the feedback loop system of the PCT. Tomprou et al. (2015) argued that, based on the comparison of the velocity of reduction of the negative stimuli and the employees own perceived velocity, the employee may develop a negative or positive perception. However, negative perceptions are more likely to persist because feelings of bitterness, disappointment and frustration are enduring (Tomprou et al., 2015). As a means of coping with these psychological demands, the employee may engage in behavioural efforts (Aldwin & Revenson, 1987).

The use of the EVLN model may deliver an improved understanding of TAs' perceptions as the model has been widely used by researchers to explain the employees' responses in a number of situations such as team conflict, job insecurity and corporate acquisitions (Bourantas & Nicandrou, 1998; Dixon, Gassenheimer, & Barr, 2002; Sverke & Hellgren, 2001). Understanding the ways in which TAs

respond to problematic working conditions is important as it may act as a warning system allowing management or authorities to become aware of lowered organisational effectiveness (Farrell, 1983). This is particularly important in an accounting and auditing firm as these behavioural responses affect audit quality, which affects the opinion in the AFS relied upon by various stakeholders (Herrbach, 2001). McKee (2014) suggests that TAs who are excited about career choices and about providing high quality audits are more likely to be productive. These positive perceptions, as argued by Persellin, Schmidt, and Wilkins (2014), will materialise if TAs are rewarded for addressing audit issues and for working effectively rather than just efficiently.

2.4. EVLN Model

Initially, Albert Hirschman developed the EVL model including the (Exit) E, (Voice) V and (Loyalty) L responses in his seminal work, *Exit, Voice, and Loyalty: Responses to decline in Firms, Organisations and State* (Hirschman, 1970). His work suggested that when employees or citizens were faced with a declining or negative influence at work or within a country, certain behavioural responses would kick in. In these cases, employees/citizens would display their dissatisfaction through either exiting the workplace, or voicing their beliefs to improve the situation or being loyal by sticking with the situation for a period of time before they react (Farrell, 1983). It was also later successfully argued by Farrell that employees in such situations could also just neglect (N) their duties in such deteriorating times. We will now unpack each of the four behaviours in turn.

2.4.1. Exit

E occurs when TAs actively search for new jobs, consider resignation or sever ties with their current employers (Hsiung & Yang, 2012). Hirschman (1970) describes “E” as a ‘voluntary’ and ‘painful decision’. Accounting and auditing firms have an average annual staff turnover rate of between 15-20% and TAs have an average of between 3-5 years of staying within these firms (Accountancy Europe, 2017). It is believed that these young professionals do not remain for long in the firms as the work is ‘tedious’ and the average weekly overtime of five hours makes them ‘burnt out, short on sleep, sick and downright unhappy’ (Persellin et al., 2014). TAs with negative perceptions are expected to consider resignation. Formally stated:

H1: TAs with negative perceptions of the profession during the scandals consider resigning and exiting from their firms.

2.4.2. Voice

Of all four responses, V is the most difficult to categorize as scholars have argued over the meaning of this political response (Farrell, 1983). Hagedoorn, Van Yperen, Van de Vliert, and Buunk (1999) proposed that V be split between a “considerate” V and an “aggressive” V. Unlike L and N, V is regarded as an active response because it allows employees to recuperate from undesirable events (Hirschman, 1970). Soni et al. (2015) found that South African TAs, regardless of their age, gender or the importance of religion to them, are more likely to ‘whistle-blow’ on the misconduct of an audit engagement partner if the TAs perceive high levels of distributive, interactional and procedural justice. Formally stated:

H2: TAs with negative perceptions of the profession during the scandals consider voicing their opinions about the circumstances facing the profession.

2.4.3. Loyalty

A typical example of L is a patient TA who waits for the conditions in the profession to improve or a TA who goes as far as to support the profession (Hsiung & Yang, 2012). Hirschman (1970) argues that L is the default response exhibited, while Farrell (1983) criticises L as the most often recommended response, which may leave TAs suffering in silence while they hope that the conditions will improve. TAs who have negative perceptions are not expected to show L towards the profession (Rey & Neuhäuser, 2011; Woolson, 2007). Considering the initial argument the hypothesis is stated as follows:

H3: TAs with negative perceptions of the profession during the scandals show loyalty to the profession and their firms.

2.4.5. Neglect

When Farrell (1983) extended the EVL model of Hirschman (1970) to include N, his justification was that sometimes employees become lax and careless and this is not addressed in the EVL model. Therefore, Farrell (1983) categorized N as a temporary abandonment which can be monitored through psychological inattention. Hsiung and Yang (2012) identified the reduction of effort, the use of company time to fulfil personal obligations, absence from work and lateness as examples of psychological withdrawals. It is expected that TAs who have negative perceptions of the profession will reduce their efforts and neglect their responsibilities. Therefore, the hypothesis is stated as:

H4: TAs with negative perceptions of the profession during the scandals neglect their professional responsibilities.

3. Research Methodology

This research is instituted on positivism (Mackenzie & Knipe, 2006). In positivism the view is taken that only the observance and measurement of factual knowledge is trustworthy as knowledge stems from the experiences of humans (Dudovskiy, 2016; Straub, Boudreau, & Gefen, 2004).

A descriptive, deductive and quantitative design was used which applies theory to test hypotheses and places greater emphasis on objectivity in measuring and describing the collected data (Creswell & Creswell, 2017; McMillan & Schumacher, 2010).

Wilcoxon signed-rank, a non-parametric statistical hypothesis test, is applied at a 99% confidence interval (alpha) to compare two matched/related groups of data (Rey & Neuhäuser, 2011; Woolson, 2007). The test compares the TAs' perceptions during the scandals with the TA's choice of E, V, L or N. The formula used to calculate the ranks for this test is presented below (Rey & Neuhäuser, 2011; Woolson, 2007).

$$W = \sum_{i=1}^{Nr} [\text{sgn}(x_{2,i} - x_{1,i}) \cdot R_i]$$

Formula 1

Data was collected by means of a structured and closed-ended questionnaire which facilitated in gathering factual information and in measuring of variables (Creswell & Creswell, 2017; Leedy & Ormrod, 2014). This was done using either a fully automated web-based or a self-administered questionnaire. The questionnaire was useful as it allowed the researcher to gather primary data directly from respondents (Leedy & Ormrod, 2014) and the descriptive non-experimental design of the

questionnaire was an effective and efficient method of exploring relationships from the large amounts of data gathered (Cooper & Schindler, 2014; Creswell & Creswell, 2017; Leedy & Ormrod, 2014).

The bipolar Likert-type question scale was chosen as Likert-type questions assess the level at which a respondent agrees or disagrees with a statement (Boone & Boone, 2012; Clason & Dormody, 1994; Leedy & Ormrod, 2014). The scale had five-point anchors of strongly agree (1) and strongly disagree (5) (Boone & Boone, 2012; Clason & Dormody, 1994; Leedy & Ormrod, 2014). The preamble of the questionnaire design was accompanied by a letter of introduction detailing the purpose of the questionnaire. Respondents who decided to submit their responses implied consent. Care was taken by the researcher to phrase each question in the least ambiguous way possible. A short introduction was included in each section, which clarified the purpose of each section.

An effective sampling design identifies the target population (Hair, Robert, & David, 2006) as the set of identifiable people about whom the researcher is interested in making generalisations (Gouri, 2018; Hair et al., 2006). The target is TAs who are part of the South African accountancy profession. This target is acceptable as TAs, although not yet professionals, have adequate accounting knowledge to understand the effect of scandals and, as accounting practitioners, these TAs possess an understanding of the importance of the profession to the South African economy (Mohamed, 2017). Therefore, in order to ensure that the selected sample of TAs is representative and has characteristics of the population, purposive sampling was applied to select TAs who had between 1-3 years working experience and were geographically located in the different provinces of South Africa and employed by the different sized accountancy firms. The TA had to be completing a SAICA or SAIPA training programme.

In total, 600 South African TAs were contacted to participate in the anonymous questionnaire survey, which was valid for twenty-four days. The sample size yielded a response rate of 37% as there were 222 response. This response rate is adequate to allow the researcher to analyse the results and draw conclusions about statistically significant relationships (Soni et al., 2015).

In terms of validity, the questionnaire drew representative content from the content universe (Straub et al., 2004). The standardised Cronbach's alpha for the survey was 0.639, which is acceptable as it evidences some moderate degree of internal consistency and inter-relatedness in the measurement scale.

4. Presentation and Discussion of Findings

Of the 222 TAs who responded to the questionnaire survey the majority (60%) of TAs were females. A quarter of the TAs (23%) were between the ages of 26 and 30, while most of the TAs (44%) were between the ages of 21 and 25. The remaining third of TAs (33%) were older than 30 years. Half of the TAs (50%) are first-year trainees, while 31% of the TAs have three years of experience and the minority (19%) have two years of experience working at an accounting firm. Most TAs (51%) are affiliated with SAICA while the other TAs are affiliated with SAIPA (49%).

4.1. TAs choice of E, V, L or N

Table 1. Wilcoxon Signed Rank Test Statistics for EVLN Model

Wilcoxon Signed Test Statistic			
E	C1.1/1.2:A3	Z (based on positive ranks)	-9.227
		Asymp. Sig. (2-tailed)/ p-value	0.000
V	C1.3/1.4: A3	Z (based on positive ranks)	-2.166
		Asymp. Sig. (2-tailed)/ p-value	0.030
L	C1.5/1.6:A3	Z (based on positive ranks)	-1.094
		Asymp. Sig. (2-tailed)/ p-value	0.274
N	C1.7/1.8 :A3	Z (based on positive ranks)	-10.573
		Asymp. Sig. (2-tailed)/ p-value	0.000

Based on the Wilcoxon signed test statistic in Table 1 above, the statistically significant p-value of 0.000 for E and N and the p-value of 0.030 for V means that TAs with negative perceptions voiced their opinion, showed neglect and considered resigning. The table also shows a p-value of 0.274 for the L construct which is not statistically significant and so the hypothesis that TAs with negative perceptions show loyalty is rejected.

Table 2. Wilcoxon Signed Ranks for EVLN

		N	Mean rank	Sum of ranks	
E	C1.1/1.2:A3	Negative ranks (C1.1/1.2 < A3)	36	55,54	1 999,50
		Positive ranks (C1.1/1.2 > A3)	150	102,61	15 391,50
		Ties (C1.1/1.2 = A3)	36		
V	C1.3/1.4:A3	Negative ranks (C1.3/1.4 < A3)	75	79,78	5 983,50
		Positive ranks (C1.3/1.4 > A3)	96	90,86	872 250
		Ties (C1.3/1.4 = A3)	51		
L	C1.5/1.6:A3	Negative ranks (C1.2 < A3)	100	82,28	8 227,50
		Positive ranks (C1.2 > A3)	73	93,28	6 823,50
		Ties (C1.2 = A3)	49		
N	C1.7/1.8:A3	Negative ranks (C1.6 < A3)	177	99,62	17 632,50
		Positive ranks (C1.6 > A3)	77	75,44	1 282,50
		Ties (C1.6 = A3)	28		

(E)

H1: TAs with negative perceptions of the profession during the accounting scandals considered resigning and exiting from their firms. [SUPPORTED]

Figure 1 shows that overall more than half of the TAs (51%) did not actively search for a new job and close to half of the TAs (48%) did not consider resignation because of the scandals. However, the Wilcoxon signed ranks in Table 2 above shows that 36 TAs who had positive perceptions during the scandals and 150 TAs who had negative perceptions during the same period, considered E.

(V)

H2: TAs with negative perceptions of the profession during the scandals consider voicing their opinion about circumstances facing the profession. [SUPPORTED]

Figure 2 shows overall slightly more than a third (37%) of the TAs admit to voicing their opinions about the scandals but the majority of the TAs (45%) disagree about attempting to improve the situation. Nonetheless, as per Table 2, 75 TAs who had positive perceptions during the scandals and 96 TAs who had negative perceptions during the same period, also elected V.

(L)

H3: TAs with negative perceptions of the profession during the scandals show loyalty to the profession and their firms. [NOT SUPPORTED]

Overall, half of the TAs (50%), as shown in Figure 3, supported the profession by either ‘agreeing’ or ‘strongly agreeing’ with the statement. Similar results were evidenced for TAs who optimistically waited for the conditions in the profession to improve as most of the TAs (47%) agreed with this statement. Nevertheless, as displayed in Table 2, 100 (45%) TAs with positive perceptions during the scandals chose L, while only 73 (33%) TAs with negative perceptions chose L.

(N)

H4: TAs with negative perceptions of the profession during the scandals neglect their professional responsibilities. [NOT SUPPORTED]

Figure 4 shows that overall 80% of the TAs ‘disagreed’ that they had exhibited withdrawal behaviours and 78% of the TAs ‘disagreed’ that they had reduced their efforts at work because of the scandals. In line with this the Wilcoxon signed ranks above in Table 2 shows that 177 TAs who had positive perceptions of the profession during the scandals considered N, while 77 TAs who had negative perceptions considered N.

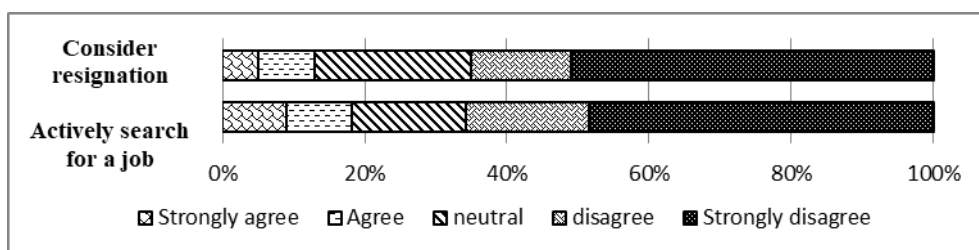


Figure 1. 100% Stacked bar graph of TAs who chose E

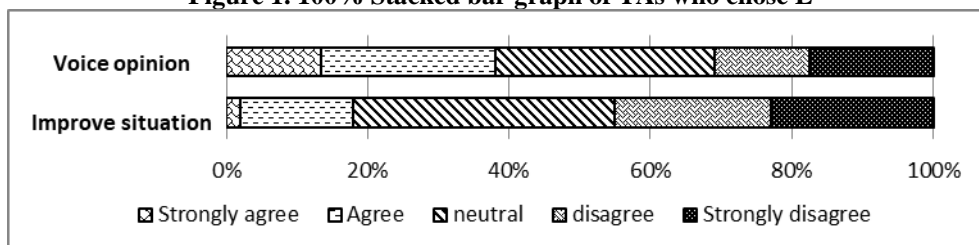


Figure 1. 100% Stacked bar graph of the TAs who chose V

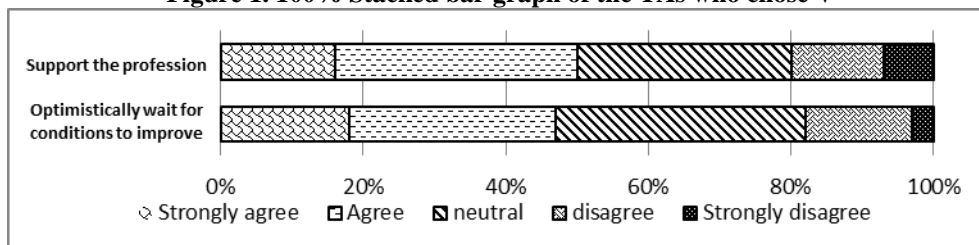


Figure 2. 100% stacked bar graph of TAs who chose L

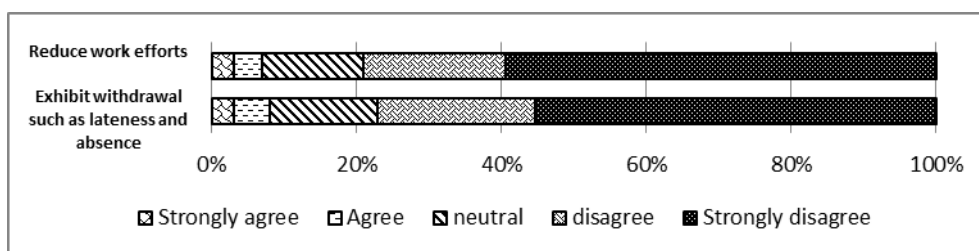


Figure 3. 100% Stacked bar graph of TAs who chose N

It was established that before the scandals most TAs had positive perceptions as seven in every ten TAs were optimistic while one in every ten TAs was pessimistic. However, during the scandals the perceptions became more pessimistic as four in every ten TAs had negative perceptions while only two in every ten TAs had positive perceptions. The increased negative perceptions of the profession may be attributed partially to online media reports and TAs' worry about job security and career opportunities while the positive perceptions before scandals may be attributed partially to the perceived abundance of career opportunities and the perceived presence of job security. The TAs with negative perceptions chose to exit the firms and voice their opinions but they did not show loyalty to the profession nor neglect their work.

5. Conclusion and Recommendations

The results showed that TAs had negative perceptions of the profession during the scandals. This is consistent with the findings of Persellin et al. (2014) who found that during their career life, 93% of TAs are more likely than not to transition from being 'very excited' to 'unexcited'. Over and above having negative perceptions, these TAs engaged in E and V but not in L and N responses. This, however, is inconsistent with Withey and Cooper (1989) who predict that people who are optimistic about the future, such as TAs who believe that the profession can be saved from its state of crisis, should engage in L.

This study contributed to the body of literature about perceptions of the South African profession. These results have important implications for the process the profession needs to follow to restore legitimacy and confidence. Below are some recommendations to assist in resolving the identified negative perceptions.

TAs' negative perceptions and their choices of employee behavioural responses, suggests that TAs need to find ways to address their pessimistic attitudes and negative outlook on the profession (Hagood, 2017). Addressing these views should be a priority of the TAs according to the findings of Hyndman (1994) and Byrne and Willis (2005), amongst others, which found that negative perceptions could increase the likelihood of further accounting scandals occurring due to the decreased work quality, increased job-related stress and decreased productivity which follow negative perceptions. This is particularly so as the TAs indicated in the questionnaire that they had reduced their efforts and exhibited withdrawal behaviours such as lateness or absence during the scandals.

There are different ways in which TAs can address their negative perceptions such as paying attention to how their behaviours affect their colleagues and avoiding those behaviours which create unreceptive working environments (Garfinkle, 2011). TAs can also associate themselves with individuals who are more positive than themselves and these TAs can get involved in projects which improve legitimacy and confidence in the profession (Garfinkle, 2011).

TAs need to concede that ultimately they service not only the needs of their clients' shareholders but also the needs of the broader stakeholder base. This stakeholder base includes members of the public who have their pension funds invested in that client, SARS who needs to assess the taxable income of a client so that the government can obtain sufficient revenue for fiscal policies, and stakeholders who are dependent on the success of the financial markets.

Accounting bodies also need to look at these results and engage with TA's to change their perceptions. This suggests that these bodies may need to reprioritise their emphasis and develop strategies which restore buoyancy and legitimacy. In addition, these bodies should ensure that they improve their disciplinary processes by making the process quicker and more transparent (Gibson, 2018).

Byrne and Willis (2005) argue that because perceptions influence career choice, if the profession wants to attract skilled professional accountants, accountancy bodies should work on improving perceptions amongst professional accountants. This is obviously a legitimacy exercise because Cory (1992) and Garner and Dombrowski (1997) contend in their debate about the key priorities of the profession that this involves the recruitment of top-quality accountants who are able to maintain the ethics, accountability and transparency for which the profession is well-known. In this way, accountancy bodies will improve legitimacy by enhancing or building positive perceptions and attracting good accountants.

Accounting firms will also need to reform:

'We cannot change what happened in the past, and do not seek to excuse past mistakes. We have accepted responsibility for these errors, learnt lessons and made far-reaching changes to the business.' (KPMG Chairman Professor Wiseman Nkuhlu, 2018).

Bearing in mind the above statement by the KPMG Chairman, accountancy firms which have been implicated in the scandals cannot undo past mistakes as these mistakes and failures have etched dark staining marks not only on these firms' reputations but also on that of the profession (Niselow, 2018a). Nonetheless, these firms should pledge to make a difference and to transform the ethical landscape of the South African economy. This can be achieved by ensuring that TAs in their employment advise clients to adhere to the stipulated corporate governance recommendations of the King IV Report on Corporate Governance.

More importantly, firms need to recognise and make it known to the professional accountants whom they employ that professional accountants are and should be seen to serve the public interest (Fulop, 2013).

A challenge of collecting data about perceptions is that the perceptions of one TA as measured on a Likert scale cannot be compared to the perceptions of another. Therefore, research in this area can be expanded by conducting semi-structured interviews amongst TAs to collect more detailed information about the TAs' perceptions. Additionally, this study can be broadened to include fully qualified professional accountants so that the perceptions of TAs can be compared with the perceptions of fully qualified professional accountants. Furthermore, this cross-sectional study measured TAs' perceptions during the scandals and so a longitudinal study investigating how this sample's perceptions change in the future can also be performed.

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