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UNIVERSITY OF WOLLONGONG

DEPARTMENT OF ACCOUNTANCY



**ETHICAL ISSUES AND PRACTISING
ACCOUNTANTS' PERCEPTIONS OF THE CODE
OF ETHICS: SOME MALAYSIAN EVIDENCE**

by

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THE CODE OF ETHICS: SOME MALAYSIAN EVIDENCE**

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ABSTRACT

This study attempted to provide some empirical evidence of the ethical issues and conflicts faced by practitioners and to gauge their perceptions on the relevance and usefulness of the Malaysian Institute of Accountants (MIA) Code of Ethics as a guide to ethical behaviour.

The results showed that a majority of respondents agreed that the Code helped them to be more aware of ethical concerns in their work and decisions, and that it also enhanced public confidence and professional image besides improving intra-professional relationships. No significant relationship was seen by respondents between the Code and a firm's competitive position. Rules on advertising and fees were singled out particularly by respondents from the big firms as restricting the growth and development of the profession and thus should be amended. Respondents especially those from the small firms frequently faced ethical conflicts regarding clients' wishes to circumvent the Income Tax Act 1967 and clients' proposals for changes in financial statements. On these ethical issues and conflicts, the code was found to be not very relevant and useful as a guide to ethical behaviour.

Overall, these results suggest that the accounting profession might wish to review its Code of Ethical Conduct on these issues.

The author gratefully acknowledges the help and useful comments of the partners of KPMG Peat Marwick, the Chairman of the Ethics Committee and the Secretary of MIA in the pilot study. Sincere and deep appreciation is also due to all respondents of the survey for their invaluable time and co-operation. The author also wishes to express her gratitude to Associate Professor Teoh Hai Yap of the University of Wollongong, Australia for his constructive comments and help in writing this paper.

1. INTRODUCTION

In recent years there have been considerable changes in practice development and the scope of services offered by public accounting firms which are believed to have an impact on the nature and extent of competition within the profession and on the role of its members (Anderson, 1985; Gul and Teoh, 1986; Lim, 1987; Chua and Mathews, 1991). At the same time, in both the developed and developing countries, there have been charges of growing commercialism, fee undercutting, dilution of independence, opinion shopping and a decline in intra-professional courtesy in the wake of numerous financial collapses and scandals coupled with adverse publicity on the unethical practices of some members of the profession (Sack, 1985; Anderson and Ellyson, 1986; Lim, 1987). All these have raised questions whether rules of conduct enshrined in the codes of ethics are adequate and relevant in influencing the behaviour of members in the accounting profession.

In recognising the problem, Chua and Mathews (1991) have pointed out that setting ethical standards will not spontaneously instil morality in professional members. They also felt that it is unrealistic to rely solely on the code of ethics to protect the public from malpractice and the professional image from being tarnished. They however believed that a code of ethics can help honest members to base their decisions and actions on the

dictates of their conscience and discourage those from unethical practices because the existence of ethical codes makes it easier to detect any such malpractices.

Other perceived advantages in having a code of ethics as gathered from a review of the literature(Chua and Mathews, 1991) include the following:

- * Professional members will be more aware of the moral aspects of their work.
- * An easily accessible reference tool will prompt managers to keep ethical concerns in mind.
- * The professional image will be enhanced.
- * Public confidence in the profession will be enhanced.
- * Intra-professional relationship will be improved.
- * It will serve as a useful guide in resolving ethical conflicts and issues.
- * The firm's competitive position may be strengthened.

Notwithstanding these perceived advantages, there are others¹ who warned of the risk where codes of ethics may marginalise morality in the sense of making managers feel better about their decisions without having them challenged so long as they pursue what is enshrined in a code of ethics. In this way, code of ethics 'buy' morality and relieve individuals of that most crucial ingredient of ethical behaviour- personal responsibility. English (1990) has also discussed about the arguments that corporate or professional codes of ethics are a

¹ As quoted by English(1990).

failure in as far as providing real guidance for decision making in organisations is concerned. As quoted by her, "ethical codes can only specify in the broadest of terms where responsibility lies which will not usually be relevant to the types of decisions that organisations are making everyday". Kaye(1989) however has argued that what is valuable is not so much that codes of ethics guide behaviour, but their role in creating the kind of culture in which questions of morality are debated within organisation, so that the corporation develops a palpable moral ethos. The relevant questions for codes then will be how influential these codes are, and how seriously they are taken by practitioners in the profession, the business sector and the government.

It is inevitable that ethical dilemmas are faced by accountants in a society where there are many expectations to be met. A survey by Finn et al (1988) confirmed that there are ethical conflicts and issues faced by practitioners in public accounting. Examples include:

- * Difficulties faced when clients request some form of tax alteration or when they attempt to fraudulently misstate their information.
- * Conflicts of interest between investing in securities and the profession's standards relating to independence;
- * Dilemmas faced when clients request some alteration to

financial statements;

- * Fee problems (billing, collection, contingent fees);
- * Other issues e.g., too much wining and dining at the insistence of clients, gifts etc.

The ethical issue on professional advertising has also attracted a lot of attention lately following the decisions in the U.S., U.K. and Australia which favoured lifting the ban on advertising . There has been a lot of literature (see Teoh and Ooi, 1990) concerning the ethical issue of advertising. The debate on whether it should or should not be allowed, and what form of advertising the profession should support is still going on.

It is now recognised that ethical issues are talked about more openly than they have been in the past. This is important for the survival of professional ethics because, as observed by Chua and Mathews(1991), new concepts and standards of behaviour are evolving in society and in the profession, and moral and ethical norms are shifting. Hence, professional ethics themselves will have to be continually reviewed and adjusted to current needs of society and the profession so that the roles of professional members will be redefined and, in this way, public acceptability is enhanced.

2. OBJECTIVE OF STUDY

In the light of the foregoing discussion this study attempted to provide some insights into the ethical issues and conflicts faced by accountants in public practice in Malaysia, and to gauge their perceptions on the relevance and usefulness of The Malaysian Institute of Accountants (MIA)² By-laws on Professional Conduct and ethics as a guide to ethical behaviour as well as in resolving ethical conflicts faced in their work. This study thus provided additional input as part of the continuing evaluation process of the ethical standards in the country³. It is hoped that this would spin off further research in Malaysia on ethical issues and problems faced by members of the profession and the business community. In this way, Codes of ethics can be established that are both relevant and effective in the sense of ensuring that higher standards of morality and professionalism can be maintained, thereby contributing to the vision of a fully ethical society when the country attains its status as a fully developed nation by 2020⁴.

The following research questions have been formulated to achieve the objectives of this study:

² The MIA statutory body regulates the accounting profession in Malaysia. It was formed in 1967 but was rather inactive until its revitalization in 1987. There is also another local professional body, the Malaysian Association of Certified Public Accountants (MACPA) which was formed in 1958. attempts at integration have been unsuccessful in the past but both professional bodies have now agreed on co-operation arrangements whereby the two bodies will be jointly involved in the promulgation of accounting standards.

⁴ The Star, June 13, 1991.

- (1) Is there any consensus among practitioners on the three identified general positive impressions of the MIA By-laws?
- (2) Is there any consensus among practitioners that the MIA By-laws would generate the eight identified positive effects?
- (3) Is there any consensus among practitioners that the By-laws would generate the four identified negative effects?
- (4) Which MIA By-laws practitioners strongly feel should be amended or deleted, and the reasons therefor?
- (5) How frequently have practitioners encountered the seven identified ethical issues/conflicts? What other ethical issues do practitioners encounter in the course of their professional work?
- (6) How useful do practitioners find the By-laws in resolving the seven identified ethical issues and 'other issues' in the course of their professional work?

3. RESEARCH METHOD

A pilot study on a first version of the questionnaire was carried out in one of the 'Big Six' accounting firms⁵. This was subsequently revised based on comments received from the pilot test and from the Chairman of the Ethics Committee of the MIA. The revised questionnaires were subsequently distributed personally to 154 practitioners from various accounting firms selected randomly from the MIA membership Directory. The distribution of the subjects based on the size of firms was as follows:

'Big Six' firms	104
Other than 'Big Six' firms	50
Total	<u>154</u>

The rationale for identifying practitioners from different size firms is to obtain empirical evidence whether there were differences in the perceptions of practitioners. Based on the preliminary discussions with some practitioners and comments from the Chairman of the Ethics Committee, it is hypothesized that there may be differences in the types of ethical problems and issues faced by practitioners from different size firms. Empirical evidence obtained could therefore provide a meaningful insight into the kinds of ethical problems and issues faced by practitioners which could be useful

⁵ The 'Big Six' are those firms with international affiliations which employ more than 110 accountants and have atleast four public listed companies as their clientele. They are Price Waterhouse, Arthur Anderson/Hannafiah Raslan Mohamed, KPMG Peat Marwick, Kassim Chan/Deloitte Haskin and Sells, Cooper and Lybrand, and Ernest and Young.

inputs for future reviews of the ethical code of conduct and policy formulations.

Each questionnaire was divided into three parts. Part A contained demographic questions to find out some background information about the respondents. Part B addressed the perception of practitioners on the identified positive and negative impacts of the MIA By-Laws. These impacts have been identified from a review of the literature and from discussions held with some members of the profession. Responses to these questions were measured on a five-point Likert-type scale with 1 indicating 'strongly agree' and 5 'strongly disagree'. For statistical testing this five-point scale was collapsed into a three-point scale: Agree, Undecided and Disagree. Chi-Square test was used on each statement in the questionnaire. Respondents were also asked for their reasons and suggestions for amendments to the assisting MIA By-Laws. Part C was designed to identify the ethical conflicts and issues faced by practitioners in the course of their professional work, and to determine how useful the MIA By-Laws have been as a guide to resolving these issues as identified in a survey by Finn et al. (1988).

4. RESULTS AND DISCUSSION

Altogether forty completed questionnaires were returned comprising 21 from the practitioners of the 'Big Six' firms (53%) and 19 (47%) from those other than the 'Big Six' (thereafter referred to as 'Small Firms') giving an overall response rate of 26%.

The demographic details of the respondents were as follows: Majority of respondents were in the 31-40 age group (62%) with a significant proportion (31%) in the age category of 45 and above, especially those from the small firms. More than 80% of the respondents are MIA members and less than 20% are members of overseas professional bodies e.g. CACA, ASA. A large proportion (80%) of respondents is from firms with international affiliations, which is not surprising since about 60% the subjects were from the 'Big Six' firms. Despite the sample size, the response distributions appeared to be quite representative of the population.

5. POSITIVE IMPACTS OF THE MIA CODE OF ETHICS

The results in Table 1 (see Appendix 2) indicated that differences in the perceptions of respondents from different sized firms were insignificant in terms of the criteria: Comprehensiveness, easy to understand and clear as to meaning and intention, and adequacy of explanatory notes. Overall however, only about half the respondents indicated agreement while more than 40% had some

reservations based on these criteria, with the rest expressing disagreement. That there is disagreement with the code being supported by sufficient explanatory notes is not surprising since explanatory notes accompanying the By-Laws are provided in only one or two sub-sections of rules 3, 5, 8, 11, 12, 14, and 17 of the Code (see Appendix 1).

Table 2 (see Appendix 2) also showed no significant difference in respondents' perceptions on almost all the eight identified positive impacts of the code with one exception. In relation to whether the code helped members to keep ethical concerns in mind when making decisions, the majority of respondents who agreed were from the small firms (81%) whereas the majority of those from the big firms were undecided on it. More than half of the respondents agreed generally on all the positive impacts except with regard to strengthening the firm's competitive position (18%) and meeting the current needs of the profession (34%). Twenty-nine percent disagreed that the code of ethics strengthened their firm's competitive position, while 53% were undecided, possibly implying that a majority of respondents did not see any significant relationship between the code and a firm's competitive position.

Respondents who disagreed that the code meets the needs of the profession were mainly from the 'Big Six' firms and those with international affiliations. Their

responses were not unexpected in view of the changes in practice development and the scope of information-based services of their firms which have 'outgrown' the relevance of some of the rules of the code particularly on fees and advertising (see Table 4 in Appendix 2).

It is also interesting to note that 13% of respondents disagreed that the code provides guidance in resolving ethical conflicts and issues. This criticism was echoed by a majority of respondents when asked about the usefulness of the code as a guide to specific ethical conflicts and issues (see Table 6 in Appendix 2).

Similarly, 13% of respondents also disagreed that the code enhances public confidence. This could be linked to significant deficiency 'gaps' which existed in enforcement of ethical standards and monitoring the quality of work performed (Teoh, 1990). The problems of enforcement and the lack of supportive measures (disciplinary, mandatory CPE and quality controls, etc..) might explain why it is unrealistic for respondents to believe that the code alone will enhance public confidence without supportive measures being taken to enforce compliance.

Table 3 (see Appendix 2) showed some significant differences in perceptions of respondents to two of the four identified negative impacts of the code. While a significant proportion of respondents (31%) from the small firms agreed that the code might relieve

individuals of personal responsibility, only 4% of respondents from the big firms agreed. Similarly, 25% of respondents from the small firms also agreed that the code might separate personal responsibility from social responsibility while none of those from the big firms agreed. The difference in perceptions could possibly be related to the age difference of respondents since majority of those from the small firms were in the age category of 45 and above while those from the big firms were in the 31-40 age group⁶.

It is interesting to note that a majority of respondents (68%) disagreed that the code weakened a firm's competitive position. Only 18% of respondents were undecided about this negative impact as compared to 53% who were undecided that the code strengthened the firm's competitive position (see Table 2 in Appendix 2) . The responses appeared to support the impression that respondents do not see any significant relationship between the two factors. Another interesting observation is that 16% of respondents agreed that the code restricted professional work and performance. Their perceptions however do not relate to the spirit of the code or the code per se but to certain specific By-Laws as detailed in Table 4 (se Appendix 2).

⁶ Recent surveys in Australia as quoted in English(1990), have illustrated that younger people tend to follow their own values at the personal and private level and generally lack a sense of community morality.

6. PERCEPTIONS ON SPECIFIC RULES OF THE MIA CODE

Generally the main criticism was a lack of explanatory notes for the code relating to competence and due care (18%). At least 10% of respondents also indicated rules in Sections 3, 5, 9, 11, 12, 15, 17, and 18 as lacking in explanatory notes (see Table 4 in Appendix 2).

Rule 18 was also singled out by 21% of the respondents as being inadequate as a guide to ethical behaviour, while more than 10% also indicated rules 4, 8, 10, 11, and 16 as being inadequate in this aspect. An interesting observation was the responses (13%) relating to Section 10: attention to enquiries. While the majority of the respondents from the small firms indicated that the ruler either lacked explanatory notes and/or was inadequate as a guide to ethical behaviour, less than 25% of those from the big firms indicated as such. A significant proportion of respondents believed that rules relating to advertising (32%) and fees (16%) appeared to be hindering to growth and development of the profession and therefore should be amended to reflect current needs of the profession and commercial reality⁷.

With regards to advertising, the perceptions were consistent with the survey results of Teoh and Ooi (1990) where a majority of respondents believed the benefits

⁷ Some respondents have charged that certain large firms presently circumvent the restrictions on advertising through public relations activities and thus defeat the spirit and letter of the rule.

outweighed the disadvantages. In this and other studies (Hanifah, 1990; Lim, 1987) which have discussed both the positive and negative impacts of advertising, there have been suggestions that the professional bodies review their code of ethical conduct on the issue of advertising.

Respondents who indicated rules pertaining to fees as a hindrance to the development of the profession were mainly from the 'Big Six' firms which with the expansion of services, have found themselves in competition with non-members not similarly restricted by fee arrangements. This problem has been further compounded by the introduction of the tender system⁸ which had resulted in undercutting of fees among accounting firms (New Straits Times, June 11, 1991). The issue on contingent fee has also surfaced with the move by the AICPA to allow such fees to be charged by members who, if they choose to accept fees, would lose their independence with respect to the client and thus could not also perform an engagement requiring independence. With the inflow of foreign investors into the country who demand an increasing array of information-based services, it is not unexpected that some of the respondents strongly felt that changes should be made to make the code currently

⁸ Under the tender system, the Auditor General's office, due to manpower constraints, contracts out the audits of many public agencies and organizations to practising members of the profession. Even though there is no official invitation to a tender, the process of 'prequalification' requiring interested accounting firms to submit proposals invariably include a comparison of proposed audit fees (Hanifah, 1990)

relevant to the needs of the profession, like what has been done in the US.

Some of the reasons and suggestions given by the respondents for amendments to be made to some of the rules in the code have been summarised in Appendix 1.

7. ETHICAL CONFLICTS AND USEFULNESS OF THE CODE AS A GUIDE

As shown in Table 5 (see Appendix 2), the most frequently encountered ethical issues were fee problems. The majority of respondents who indicated this were from the big firms, thereby reinforcing their views on fees summarised in Table 4 (see Appendix 2).

Of interest is the significant difference in responses regarding clients' wishes on circumvention of the Income Tax Act 1967, which showed a significant proportion of respondents from the small firms (38%) frequently encountered this ethical issue compared to a lower proportion of respondents (9%) from the 'Big Six' firms. A possible explanation for this could be that clients generally believed that the small firms with their personal mode of service are more flexible, and are thus not subject to stringent quality controls and firm policies as laid down in the big firms.

A significant proportion of respondents also frequently encountered ethical conflicts concerning clients' wishes

for changes to financial statements (26%), and advertising (30%).

Overall, a majority of respondents encountered all the identified ethical issues in the course of their professional work although on issues concerning conflicts of interest and independence, it was not so frequent. About half of the respondents did not find gifts and discounts or entertainment an issue probably because these were considered relatively insignificant compared to other ethical issues, and also probably because these were not dealt with in the code.

A majority of respondents did not generally find the code useful as a guide with regard to the identified ethical issues they encountered in the course of their professional work (see Table 6 in Appendix 2). There were also significant differences with respect to clients' wishes to circumvent the Income Tax Act 1967 and to changes to be made in financial statements. While 44% and 38% of the respondents from the small firms indicated that the code was useful in resolving these ethical conflicts, only 27% of respondents from the 'Big Six' firms concurred. This probably could be due to the fact that the rules in Section 18-1(b) and (c) specifically spelt out that "a member who wilfully permits his client to make false and misleading entries in financial statements or records of an entity" and "who knowingly in any manner advises any of his clients in any scheme

whereby his client may evade tax is committing an act discreditable to the profession".

A significant proportion of respondents indicated that the code was not useful in providing guidance on fee problems (50%) and on advertising (29%) and, therefore, these rules should be amended. On all other identified ethical issues and conflicts, at least 46% of respondents attached relatively low scores to usefulness of the code as a guide.

8. CONCLUSION

This study provided some insights into some of the ethical issues and problems faced by accountants in public practice and their perceptions of the usefulness and relevance of the MIA ethical code of conduct as a guide to ethical behaviour and in resolving ethical conflicts in their professional work.

Overall, a majority of respondents generally agreed that the code:

- * made them more aware and conscious of the ethical aspects of work,
- * helped them to keep ethical concerns in mind when making decisions,
- * guided them in resolving ethical conflicts and issues,
- * enhanced the professional image,
- * increased public confidence in the profession and improves intra-professional relationship.

In contrast, only a small proportion of respondents especially those from the small firms, agreed on the identified negative impacts of the code. Rules relating to advertising and fees were singled out by respondents to be the main problems which required amendments. Advertising in particular was received to be hindering the growth and development of the profession by about one-third of the respondents.

Other ethical conflicts frequently encountered by respondents in their professional work were fees, client's proposals to make changes to the financial statements and clients' wishes to circumvent the Income Tax Act 1967. This last conflict was frequently faced by respondents from the small firms. Only a small number of respondents agreed that the code was useful as a guide in resolving all the above stated ethical conflicts.

These results suggest that the professional bodies might wish to review the code of ethical conduct on the issue of advertising, fees and illegal acts. The profession should also allow for an orderly expansion of necessary and legitimate services by providing realistic ethical guidance on the scope and nature of current and likely future services.

The following suggestions might be given some attention:

1. The potential benefits of institutional and informative advertising to promote public awareness of the profession. Some safeguards would have to be written into the code to prohibit the competitive type of advertising.
2. A stratification of accounting firms based on size and competence in awarding jobs under the tender system.
3. Prescribing a maximum limit on fees from one major source to curb exposure to a single client vis-a-vis fees earned, and to be more explicit on 'reasonable fees'.
4. Ethical provisions to cover the multi-disciplinary skills that are now required in the expanded scope of services, and to cover the involvement of specialists in disciplines other than accountancy.

Any review of the code of course will have to look further than these suggestions. A more coordinated effort would be required from both professional bodies in drawing up and amending ethical standards. Both could perhaps initiate and support an ethics education programme at tertiary institutions and in public accounting firms to sensitize future CPAs and staff to ethical issues and conflicts in business and professional situations. Membership requirements for mandatory CPE should also be established. Finally, the profession should look into programmes for the systematic monitoring of practice to improve the quality of service and to assure compliance with performance standards.

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Appendix I

Comments and suggestions by respondents on the MIA By Laws

Section	Comments	Source
1: Interpretation		
2: Fundamental Principles		
3: Independence	Definition of "immediate family" is too wide Impossible for member to control/police, rule is too restrictive	Audit Partners
4: Competence and due care	Make CPE mandatory. MIA should set minimum number of hours required and members should submit trends of CPE to the Institute	Tax Director
6: Descriptions and designatory letters	Procedures of MIA designations is prerogative of individuals	Audit Partner
7: Advertising	Advertising is not defined No longer relevant to current needs Members are not allowed to respond to tender (7-11) but what about audits under the Accountant General's office which are tendered out? All major firms have to bid for such work!	Tax Partners
	Out of date with current forces in the profession world wide Don't allow for healthy competition Reasonable advertising and publicity should be allowed	Audit Partners
11: Fees	Subjectivity as to what is "reasonable" fee encourages undercutting and "free for all"	Audit Partner
	There should be a maximum prescribed limit to curb exposure to a single client vis-a-vis fees earned as our independence is questionable if there is too much reliance on fees from one major source	Tax Director
	Does this rule apply to all types of consulting business? You may be obliged to pay introducers' fees	Tax Partner
18: Acts discreditable to the profession	The words "any other reason" in rule 18-1(d) is too far reaching Why only cheques? What about guarantees, loans, etc.?	Audit Partners
General comments	Lack of enforcement by professional bodies	Audit Partner

APPENDIX 2

Table 1
Perception of Respondents Regarding the MIA By-Laws

	Size of firm	Agree		Undecided		Disagree		x ²
		col.	row	col.	row	col.	row	p
a. are comprehensive	Small	58	69	25	25	33	6	3.96
	Big	42	38	75	55	67	9	ns
	Total		50		42		8	
b. easy to understand and clear as to its meaning & intention	Small	50	56	33	38	50	6	1.08
	Big	50	41	67	55	50	4	ns
	Total		47		47		6	
c. supported by sufficient explanatory notes	Small	57	50	38	38	33	12	2.06
	Big	43	27	67	55	67	18	ns
	Total		37		47		16	

Key to table:

- a. For ease of comparison, this table shows percentage responses in each category, whereas the Chi-Square Two-Sample test uses the actual number of responses.
- b. ns means "not significant".

Table 2
Perception of Respondents Regarding Positive Impacts of the By-Laws

	Size of firm	Agree		Undecided		Disagree		x ² p
		col.	row	col.	row	col.	row	
a. makes you more aware and conscious of the ethical aspects of work	Small	52	81	33	19	-	-	4.20
	Big	48	55	67	27	100	18	ns
	Total	66		24		10		
b. helps you to keep ethical concerns in mind when making decisions	Small	59	81	23	19	-	-	6.72
	Big	41	41	77	46	100	13	0.03
	Total	58		34		8		
c. guides you in resolving ethical conflicts and issues	Small	50	69	36	25	20	6	1.71
	Big	50	50	64	32	80	18	ns
	Total	58		29		13		
d. enhances the professional image	Small	41	75	20	6	75	19	2.78
	Big	59	78	80	18	25	4	ns
	Total	78		18		11		
e. increases public confidence in the profession	Small	46	62	27	19	60	19	1.75
	Big	54	55	73	36	40	9	ns
	Total	58		29		13		
f. improves intra-professional relationship	Small	47	60	36	33	25	7	0.90
	Big	53	46	64	41	75	13	ns
	Total	51		38		11		
g. strengthens your firm's competitive position	Small	43	19	35	44	55	37	1.11
	Big	47	18	65	59	45	23	ns
	Total	18		53		29		
h. meets current needs of the profession	Small	62	50	30	38	40	12	3.22
	Big	39	23	70	64	60	13	ns
	Total	34		53		13		

Key to table:

a. For ease of comparison, this table shows percentage responses in each category, whereas the Chi-Square Two-Sample test uses the actual number of responses.

b. ns means "not significant".

Table 3
Perception of Respondents Regarding the Negative Impacts of the By-Laws

	Size of firm	Agree		Undecided		Disagree		χ^2 p
		col.	row	col.	row	col.	row	
a. relieves individuals of personal responsibility so long as they comply with the By-Laws	Small	83	31	43	38	28	31	5.70
	Big	17	4	57	36	72	59	0.06
	Total		16		37		47	
b. weakens a firm's competitive position	Small	60	19	14	6	48	75	3.05
	Big	40	9	88	27	54	64	ns
	Total		18		18		68	
c. restricts professional work and performance	Small	50	19	38	19	42	62	0.22
	Big	50	14	62	23	58	63	ns
	Total		16		21		63	
d. tends to separate personal responsibility from social responsibility and the individual	Small	100	25	41	44	29	31	6.63
	Big	-	-	59	46	71	54	0.04
	Total		10		45		45	

Key to table:

- a. For ease of comparison, this table shows percentage responses in each category, whereas the Chi-Square Two-Sample test uses the actual number of responses.
- b. ns means "not significant".

Table 4
 Respondents' Comments on Specific By-Laws

Sections of the By-Laws	Group	Lacking in explanatory notes	Hindering the growth and development of the profession	Inadequate as a guide in ethical behaviour	Not applicable
3. Professional independence	Small	33	67	67	38
	Big	67	33	33	62
	Total	100	100	100	100
4. Competence & due care	Small	43	-	75	37
	Big	57	-	25	63
	Total	100	-	100	100
5. Method of practice	Small	40	-	67	41
	Big	60	100	33	59
	Total	100	100	100	100
6. Description & designatory letters	Small	67	33	100	37
	Big	33	67	-	63
	Total	100	100	100	100
7. Advertising, Publicity & Solicitation in respect of professional services of public practices	Small	25	42	50	44
	Big	75	58	50	56
	Total	100	100	100	100
8. Clients' Monies	Small	100	100	25	38
	Big	-	-	75	62
	Total	100	100	100	100
9. Loans to & from clients	Small	80	100	-	34
	Big	20	-	100	66
	Total	100	100	100	100
10. Attention to correspondence & enquiries	Small	75	-	80	31
	Big	25	-	20	69
	Total	100	-	100	100
11. Fees	Small	40	17	100	39
	Big	60	83	-	61
	Total	100	100	100	100
12. Confidentiality	Small	60	-	50	39
	Big	40	-	50	61
	Total	100	-	100	100
13. Commission	Small	60	-	50	41
	Big	40	100	50	59
	Total	100	100	100	100
14. Changes in professional appointments	Small	67	-	67	38
	Big	33	-	33	62
	Total	100	-	100	100

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Sections of the By-Laws	Group	Lacking in explanatory notes	Hindering the growth and development of the profession	Inadequate as a guide in ethical behaviour	Not applicable
15. Referrals	Small	75	-	50	37
	Big	25	-	50	63
	Total	11	-	11	70
16. Prospectuses & similar documents	Small	50	100	75	36
	Big	50	-	25	64
	Total	5	3	11	81
17. Incapacity or death of a sole practitioner	Small	75	-	67	36
	Big	25	-	33	64
	Total	11	-	0	81
18. Acts discreditable to the profession	Small	40	-	75	32
	Big	60	-	25	68
	Total	13	-	21	66

For ease of comparison, this table shows percentage responses in each category.

Table 5
Frequency of Ethical Conflicts/Issues Encountered

Issue	Size of firm	Very frequently		Frequently		Not so frequently		Not Applicable		χ^2	p
		column	row	column	row	column	row	column	row		
a. Clients wishes with reference to circumventing the Tax Act 1967	Small	-	-	75	38	59	62	-	-	15.78	0.00 ^a
	Big	-	-	25	9	41	30	100	61		
	Total	-	-	20	44	44	36	-	-		
b. Clients wishes with reference to changes to financial statements	Small	-	-	60	38	38	56	20	6	2.52	ns
	Big	-	-	40	17	62	65	80	17		
	Total	-	-	26	61	61	13	-	-		
c. Conflict of interest and independence	Small	-	-	100	13	37	67	38	20	3.10	ns
	Big	-	-	-	-	63	77	62	23		
	Total	-	-	5	73	73	22	-	-		
d. Fee problems (billing, collection, contingent fee problems, competitor bids)	Small	40	12	47	56	27	19	50	13	1.31	ns
	Big	60	13	53	44	73	35	50	8		
	Total	13	49	49	28	10	-	-	-		
e. Advertising, publicity and solicitation e.g. making direct contact with non client, distribution of publications to non clients etc.	Small	-	-	36	24	50	38	46	38	1.24	ns
	Big	100	5	64	33	50	29	54	33		
	Total	3	30	32	35	-	-	-	-		
f. Gifts & discounts independence	Small	-	-	33	6	33	31	50	63	1.80	ns
	Big	100	4	67	9	67	43	50	44		
	Total	2	8	39	51	-	-	-	-		
g. Entertainment (other than in the course of professional work e.g. openhouse etc.)	Small	-	-	-	-	50	62	38	38	2.11	ns
	Big	100	4	100	4	50	46	62	46		
	Total	3	3	52	42	-	-	-	-		

Key to table:

- For ease of comparison, this table shows percentage responses in each category, whereas the Chi-Square Two-Sample test uses the actual number of responses.
- ns means "not significant".

Table 5
Usefulness of the MIA By-Laws on Ethical Conflicts/Issues

	Size of firm	Useful		Undecided		Not Useful		Not Applicable		χ^2	p
		column	row	column	row	column	row	column	row		
a. Clients wishes with reference to circumventing the Tax Act 1967	Small	54	44	25	19	67	37	-	-	7.31	
	Big	46	27	75	41	33	14	100	18		0.06
	Total	34		32		24		10			
b. Clients wishes with reference to alteration of financial statements	Small	50	38	17	12	38	50	-	-	6.23	*
	Big	50	27	83	46	62	23	100	4		ns
	Total	32		32		34		3			
c. Conflict of interest and independence	Small	53	56	33	31	-	-	67	12	4.21	
	Big	47	36	67	46	100	14	33	4		ns
	Total	45		39		8		8			
Fee problems (billing, collection, contingent fee problems, competitor bids)	Small	44	25	12	6	53	63	50	6	3.81	
	Big	56	23	88	32	47	41	50	4		ns
	Total	24		21		50		5			
d. Advertising, publicity and solicitation e.g. making direct contact with non client, distribution of publications to non clients etc.	Small	50	38	36	25	36	25	50	12	0.71	
	Big	50	27	64	32	64	32	50	9		ns
	Total	32		29		29		10			
e. Gifts & discounts independence	Small	36	27	33	20	38	20	62	33	1.87	
	Big	64	33	67	29	62	24	38	14		ns
	Total	31		25		22		22			
f. Entertainment (other than in the course of professional work e.g. openhouse etc.)	Small	67	27	25	20	46	33	50	20	3.11	
	Big	33	10	75	46	54	30	50	15		ns
	Total	17		34		31		17			

Key to table:

- a. For ease of comparison, this table shows percentage responses in each category, whereas the Chi-Square Two-Sample test uses the actual number of responses.
- b. ns means "not significant".