Note: Page numbers followed by "n" with number indicate page notes.

Accounting	auditor-to-Society PCs, 90-93
culture of accounting firms, 93–94	firms, 92, 136
frauds, 100	PCs, 84–93
influence on earnings quality,	profession, 84, 88, 91, 94–95
116–118	Australian Accounting Professional
principles producing higher quality	and Ethical Standards
earnings, 118	Board (APES), 136–137
standards producing higher	Awards, 30
earnings quality, 118–121	Awareness of Dodd-Frank Act, 11
Aggressive CPA, 33	
Aggressive strategic policies, 141	Big Four firm, 90
Aluminum National Association, 70	-
Ambiguous position, 32–33, 36, 38, 42	Cash flows, 112–113
American Institute of Certified Public	Center for Human Rights and
Accountants (AICPA), 32,	Environment (CHRE), 78
136	Certified Public Accountant (CPA), 32
ANCOVA, 12–13, 20	decision-making, 37
Annual Report to Congress on the	descriptive statistics of study
Dodd–Frank Whistleblower	variables, 43
Program, 2, 6	exemplars of open-response
Application levels, 64	comments regarding tax
AS2401 Consideration of Fraud in a	positions, 46
Financial Statement Audit,	federal tax position standards,
145	34–35
Asset-liability approach, 110	firms, 137
Association of Certified Fraud	H1a, 42
Examiners (ACFE), 2	H1b, 44
Audit	H1c, 44–45
client, 84, 140	H2a and H2b, 45
firm, 140	hypotheses development, 36–39
profession, 96, 142	limitations and future research,
quality, 137	48–49
relationships, 84, 87	migration from realistic possibility
Auditing/auditors, 92	to substantial authority
auditor-to-membership group,	standard, 35–36
88–90	online survey, 40–42
auditor-to-overseer PCs, 87–88	participants, 39–40

results, 42–47	Consistency, 142
study results, 44	Continuance decision, psychology of,
supplemental analyses, 45–47	134–135
willingness, 33	Contract, 82
Chief financial officers (CFOs), 28,	Cooperative relationship, 86
100–101, 110, 116, 123	Corporate social responsibility
perceived red flags of	reporting (CSR reporting),
misrepresenting earnings,	58, 61–65
125–126	Covered judicial or administrative
City of Baltimore's sustainability	action, 29
report (2009), 72	Culture of accounting firms, 93–94
Client, 92	Cumulative prospect theory, 33
audit fees, 147	1 1
continuation ethics decision tree,	Decision model, 134
139	Dependent t-test, 45
entrenchment, 89	Descriptive statistics, 104–106
evaluation process, 140	Digital Reporting Alliance, 62
integrity, 145–147	Discontinuing clients, 140–142
management integrity, 134	Discretionary determinants of
Client ethics	earnings quality, 114
CPA firms, 137, 140	Dodd-Frank Act, 3, 8–9, 18
evaluation, 134	awareness of, 11, 15
evaluation checklist, 143–144	whistleblowing provisions, 28
firm, 136–137	Dodd–Frank Provisions, 4–6
IESBA NOCLAR Items and	Dodd-Frank Wall Street Reform and
PCAO B AS2405 Illegal	Consumer Protection Act, 2
Acts, 138	
model for evaluating, 142–145	Earnings, 111
professional guidance for	benchmarks, 102–103, 123
evaluating, 136	information, 103, 106
Coalition for Environmentally	manipulation, 114, 130n7
Responsible Economies	persistence, 110
(CERES), 72, 78	revenue, 100
Code of Ethics for Professional	Earnings management, 100, 118
Accountants, 134, 137	accounting principles producing
Codes of Ethics, 134, 137	higher quality earnings, 118
Cognitive dissonance theory, 135	accounting standards producing
Communication distortion, 82	higher earnings quality,
Competence, 142	118–121
Conceptual Framework for Financial	Earnings misreprentation, 121
Reporting No. 8 (SFA C8),	CFO' perceived red flags, 125–126
100, 106	misstatement of earnings, 121–122
Confidentiality, 142	motivation of earnings
Conservatism, 118	management, 123–125
Conservative accounting principles,	Earnings quality, 100–101, 106,
102	100 110

Index 153

accounting influence on, 116–118	False Claims Act, 5, 7
descriptive statistics, 104–106	Familiarity heuristic, 135
higher earnings quality, 110–113	Federal tax position standards, 34–35
impacts, 114–116	Financial Accounting Standards
industry distribution and innate	Board (FASB), 100
characteristics of sample,	Financial performance information,
104	129 <i>n</i> 1
Japanese CFOs, 101–102	Financial reporting process, 114, 121
management system, 108–109	Firm
questionnaire and response rate,	business models, 115, 121
104	innate characteristics factor, 114
rating of importance of earnings,	Fraternization, 89
108	Fraud, 4
red flags, 103–104	dollar amount of, 11
respondents, 106–107	materiality, 3, 8
survey design, 104	reporting, 8, 16, 20, 28
Efficient contracting, 109	statistics, 2
Emergency Economic Stabilization	Triangle, 4
Act (2008), 35	Free-form participant comments, 46
Employing auditing firm, 84	Frivolous standard, 34, 52
Escalation of commitment, 135	14th Global Fraud Survey: Corporate
Ethical leadership, 141	Misconduct-Individual
Ethical standards, compliance with,	Consequences, 6
147	Fukuoka Stock Exchange, 104
Ethics (see also Client ethics),	
134, 142	GE fire KPMG, 140
External auditors, 134, 137, 142	Generally accepted accounting
client continuation ethics decision	principles (GAAP),
tree for, 139	102–103, 114, 120, 128
External whistleblowing on	policies, 119
timing (see also	Global Fraud & Risk Report (Kroll),
Whistleblowing), 2	2, 25 <i>n</i> 1
controls, 14	Global Reporting Initiative (GRI), 62
dependent measures, 11, 18	framework, 58–59, 66, 73
design, 9, 16–17	guidelines, 60
direct effects, 8–9, 15–16	standards, 62
hypotheses, 7–8	Government and not-for-profit
independent variables, 11, 18	organizations (GNFPs), 58,
limitations and future research, 23	73, 78–79
literature review, 4–7	number and quality, 59
manipulation checks, 11, 18-19	purposes of/motivation for GNFPs
materials and procedures, 10-11	sustainability reporting,
open-ended interview, 15	70–71
participants, 9–10, 17–18	sustainability reporting in, 58
supplemental analysis, 13, 20-22	sustainability reports distribution,
tests of hypotheses, 12–13, 19–20	68

Government sector, 58 Mandatory moral virtues, 142 Mandatory rotation, 89-90 Mechanical Turk (M-Turk), 9-10 Higher earnings quality, 101, 110–113 accounting principles producing, "Mental map" of organizational or professional relationships, accounting standards producing, 118-121 Misrepresentation of earnings, 103 Honesty, 142 Misstatement of earnings, 121-122 Monetary incentives, 7 In-accordance (IA), 60, 62, 64 Monetary sanctions, 30 Independent t-tests, 42 "More-likely-than-not" standard, 34, Individual-to-individual PCs, 84-87 Innate characteristics, 101–102 "Mutual" contract, 82 Integrated reporting framework (IR framework), 59, 61 Nagoya Stock Exchange, 104 National Hockey League (NHL), 78 Integrity, 142 Natural Resources Defense Council of management, 138 Internal controls regulation, 101 (NRDC), 78 Internal Revenue Code (IRC), 34 Non-compliance with laws and Internal Revenue Service (IRS), 33 regulations (NOCLAR), International Ethics Standards Board for Accountants (IESBA), Non-governmental organizations (NGOs), 70 NOCLAR Items, 138 Not frivolous standard, 34, 52 Not-for-profit organizations (see also International Federation of Accountants, 134 Government and not-**International Financial Reporting** for-profit organizations Standards (IFRS), 102 (GNFPs)), 58 **International Integrated Reporting** sustainability reporting in, 58 Council (IIRC), 61 Investor Protection Fund, 2 Office of Whistleblower (OWB), 2 Opinion shopping, 90 Organizational culture, 83-84 Japanese CFOs, 101-102, 110, 114 Japanese firm's earnings quality, 101 Organizations, 63 Japanese generally accepted Original information, 29-30 accounting principles (J-GAAP), 102 Pacific Northwest National Laboratory, 70 Linkway Trading, 141 Pat Blogger, 29 Long-term audit relationships, 86-87 PCAO B AS2405 Illegal Acts, 138 Pearsons' correlations, 45 Performance, 110 Management approach, 63 Performance indicators, 63 performance, 108 Pierce County's initiative and system, 108-109 reporting, 72 Mandatory auditor rotation, 90 Professionals, 9

Index 155

Psychological contracts (PCs), 82–83 auditor PCs, 84–93 culture of accounting firms,	Securities and Exchange Commission (SEC), 2, 29, 87, 92, 100 whistleblowing awards, 6
93–94	Self-justification hypothesis, 135
organizational culture and, 83–84	Shared organizational culture, 83
SOX Act, 84–93	Signal aggressive tax compliance
suggestions, 94–95	behavior, 38
impact of unmet expectations, 91	Small and medium-sized organizations
Psychology of continuance decision,	(SME organizations), 69
134–135	Small Business and Work Opportunity
Public accounting, 82	Tax Act (2007), 35
Public Company Accounting	Social Accountability International
Oversight Board (PCAOB),	(SAI), 79
87–89, 136	Social desirability bias, 11, 14
,	Social responsibility of
Qualitative materiality, 145	businessperson, 61
Quality Control for Firms, 136	Societal PCs, 90
Quality Control Standard 8, Section	Stakeholders, 60–61
10 (QC 10), 136	in aluminum industry, 70
Questionable behaviors, 145–146	Standards, 34
Questionnaire, 104	Statements on Standards for Tax
	Services (SSTS), 32
Realistic possibility standard, 34, 52	Strategy and profile disclosures, 63
Reasonable basis, 34	Substantial authority, 34, 36
standard, 34, 52	Substantial authority standard, 32,
Red flags, 103–104	34, 52
Related action, 30	migration from realistic possibility
Reporting, 2–3, 6	to, 35–36
incentives, 7	Survey
likelihood of, 11	research, 103
timing of external, 7–8	study, 123
Research, 6, 11	Sustainability, 72
participants, 18	Sustainability disclosure database
Respondent firms, 105–106	(SDD), 59
Response rate, 104	Sustainability reporting, 58
Responsibility	analysis of reporting incentives/
auditor's, 95	purposes, 70–73
corporate fiduciary, 142	application level distribution, 69
ethical, 89	characteristics, 67–70
fiscal, 74	data collection, 66
social, 61–62	distribution, 67–68
Revenue-liabilities approach, 110	in GNFPs, 58
	in not-for-profit organizations, 58
Sapporo Stock Exchange, 104	purposes of/motivation for GNFPs,
Sarbanes–Oxley Act (SOX Act), 84–93	70–71
J-SOX, 130n5	prior studies, 65–66

Sustainable earnings, 111–112	US gross domestic product (GDP), 58
Tax	US Securities and Exchange
Position Standards, 52–56	Commission, 137
practitioners, 37, 48–49	US Sustainable Investment Forum
preparers, 32	(US SIF), 79
professionals, 38	
standards, 49	Vested interests, 89
Tax Relief and Health Care Act, The	Virtues, 142
(2006), 5	
Term limit, 86	Web-based surveys, 49
Tokyo Stock Exchange's Intermediate	Whistleblower, 30
Classification, 104	Whistleblower incentives, 5
Top-down approach, 121	Whistleblowing, 4–6
Transparency, 142	awards, 7
Treasury Decision 9436, 35	conflict and delays, 6–7
True audit client, 89	Women's Economic Self-Sufficiency
	Team (WESST), 72, 79
U.S. Department of Justice (DOJ), 5, 141	Wrongdoing, 6–7
Unaggressive CPA, 33	
United States Postal Service (USPS),	XYZ Group, Inc., 28–30
72, 79	