

“A Few Bad Apples in the Bunch?”: A Post-Enron Examination of the Business Student’s Perception of the Prestige of the Accounting Profession

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*“All business in a democratic society begins with public permission and exists by public approval.”
Arthur W. Page (1883-1960)*

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ABSTRACT

Unlike many of the financial scandals and corporate failures of the 1990s, the Enron collapse appears to be different in many facets. The Enron failure has prompted a full-blown reassessment of the accounting and financial reporting industry, corporate governance practices, regulatory oversight mechanisms and the integrity of the United States’ securities markets. The purpose of this study is to increase our understanding of the future business persons’ perception regarding the prestige and respect of the accounting profession and other related occupations. An additional purpose is to examine how the perceptions of certain professions and occupations related to the Enron collapse have fared in the past year. Finally, a further purpose is to compare the study’s results of a non-random sample of business students to the results of the weighted sample of U.S. residents compiled by Harris Interactive.

Our exploratory findings suggest that the public’s perception of the accounting professions has not significantly changed post-Enron. This withstanding, accounting educators and practitioners face a challenge in repositioning the profession in a more positive light in

order to regain the public's confidence. Alarming, we found that business students ranked the prestige of the profession significantly lower than that of the general public. Moreover, we were surprised by the relatively low prestige ranking of the profession assigned by current accounting students. Finally and most interestingly, a number of our findings with respect to favorability rankings and Enron finger-pointing are in stark contrast to the recent study conducted by the AICPA which similarly examined the effects of corporate accounting scandals on the CPA brand.

“A Few Bad Apples in the Bunch”: A Post-Enron Examination of the Business Student’s Perception of the Prestige of the Accounting Profession

Introduction

The success of the accounting profession largely depends on how it is viewed by the public (Thomson and Jones, 1990). The image of the accounting profession has been damaged in the recent past by the widely publicized accounting failures of Cendant, Sunbeam, Waste Management, and the Savings and Loan (S&L) scandal (Weber, 2001; Nussbaum, 2002; Young, 1995). However, unlike many of these financial scandals and corporate failures, the Enron collapse appears to be different in many facets. While many of these failures of the 1990s went largely unnoticed from the standpoint of government intervention, the Enron failure has prompted a full-blown reassessment of the accounting and financial reporting industry, corporate governance practices, regulatory oversight mechanisms and the integrity of the United States’ securities markets. As a direct result, sweeping changes are in store in the regulatory environment with very important implications on the future of the accounting profession (Afterman, 2002). Enron-inspired legislation is currently being debated and adopted to tighten oversight of the accounting industry and toughen corporate disclosure rules (Morse and Hitt, 2002) with section 103 of the Sarbanes-Oxley Act of 2002 specifically emphasizing stricter accounting policies and auditing control.

Intensified concerns about the role of the accounting profession, especially the independent auditors who maintain the responsibility to protect the investing public, has been heavily publicized in the financial press and academic community (Castellano and Melancon, 2002; Hendrickson, 1998; Macintosh and Shearer, 2000). This heavy scrutiny and criticism after the numerous accounting failures appears to have diminished the respect for the

accounting profession by the American public (NFO study, 2002).¹ Also providing additional evidence that the accounting profession's self-perceived public image problem may not be entirely unfounded, is the 2001 annual version of Harris Poll®. The objective of the Harris Poll® is to rank the prestige of various occupations and professions. The 2001 (2002) results indicate the accounting profession ranked 16th (17th) out of the seventeen professions and occupations polled.² In 2001, only businesspersons were rated with less prestige than the accounting profession.

To compound the problems with the external public image of the accounting profession, the Albrecht and Sack (2000) report cites a number of glaring internal findings relating to accounting education. The most conspicuous of these include a 20% decline in the number of accounting graduates (or approximately 12,000 students) between the 1995-96 school year and the 1998-99 school year and the results of a survey of accounting educators and practitioners indicating a majority of both groups would not have an accounting qualification as their terminal degree if they were completing their education over again. Accounting practitioners surmise "the current accounting educational model is broken and obsolete" (*Ibid*, 2000).

The purpose of this study is to increase our understanding of the future business persons' perception regarding the prestige and respect of the accounting profession and other related occupations, and whether these perceptions are influenced by a number of demographic criteria.³ Discerning these differences is important to the accounting profession in adopting policies which adequately promote the legitimacy and importance of the profession. Further,

¹ In an April 2002 National Family Opinion (NFO) Worldgroup survey of top managers and executives with responsibility for managing auditing and consulting relationships with outside accountants, respondents ranked auditors with a below average 'grade'. Only 55 percent of the respondents ranked overall performance of their auditor as excellent or very good, compared with the 70 percent to 75 percent typically seen in the professional services and only 55 percent of respondents said they definitely or probably would recommend their auditors to business colleagues. That compares with 75 percent to 80 percent for the professional-services category.

² For complete information on the Harris Poll® (Harris Poll® #50) reported on October 10, 2001 and October 16, 2002, please see http://www.harrisinteractive.com/harris_poll/index.asp?PID=261 and http://www.harrisinteractive.com/harris_poll/index.asp?PID=333.

understanding these differences in perception may assist in the marketing of the profession to underrepresented groups and the general public. An additional purpose is to examine how the perceptions of certain professions and occupations related to the Enron collapse have fared in the past year. Finally, a further purpose is to compare the study's results of a non-random sample of business students to the results of the weighted sample of U.S. residents compiled by Harris Interactive in 2001 and 2002. Our exploratory findings suggest that the public's perception of the accounting professions has not significantly changed post-Enron. This withstanding, accounting educators and practitioners face a challenge in repositioning the profession in a more positive light in order to regain the public's confidence.

This paper is organized as follows: Section two discusses relevant information regarding the accounting profession, followed by a discussion of the research propositions. Section three discusses the methodology and data collection, while section four provides the results of the study and concluding remarks.

Background and Development

The accounting profession has long strived to enhance their image as a profession. Over the four decades from 1947 to 1981 there was a dramatic increase in survey respondent's recognition of accountants as professionals from 27% to 100% (Thompson and Jones, 1990). This recognition level is limited however to people dealing with public accountants (i.e. CEO's in the 1981 survey). The general public had a much lower opinion of accountants (as represented in a 1971 survey conducted with both the general public and with people dealing directly with public accountants). The 2001 and 2002 Harris Poll's[®], which did not consider whether an accountant was considered a professional, just the prestige of the profession, found that

³ *Prestige* as defined by the Merriam-Webster dictionary refers to *the standing or estimation in the eyes of people: weight or credit in general opinion and commanding position in people's minds.*

accountants seem to have taken a step backwards. Accountants were ranked near the bottom of occupations in both annual polls.

While the general public's impression of the accounting profession is largely based on the profession meeting certain expectations relating to its technical craft or "contract with society", it would be naïve to believe the prestige and respect of the profession is measured solely on this metric (Hopwood, 1994; Bougen, 1994). A number of similar papers examine additional and alternative explanations of the processes the general public uses to form its perception of the accounting profession. The portrayal of accountants (*and the related stereotype, "beancounters"*) is examined in a number of public mediums including the popular film (Beard, 1994; Smith and Briggs, 1999) and the non-fiction print media (Friedman and Lyne, 2001). Beard (1994) finds that films allow accountants to see how they are viewed, even if distorted, by the general public, "as comically inept caricatures, as dysfunctional misfits, as undifferentiated subordinates, as professional- and, on occasion, criminally inclined- experts." Freidman and Lyne (2001) find the beancounter stereotype to be "mostly associated with negative nuances". Smith and Briggs (1999) caution the accounting community that these negative stereotypes of accountants will impede the profession from recruiting "the best and brightest of students." The objective of this collection of research is to bring about renewed research interest not only in "the technical limitations of accounting" (or the relevance of accounting information), but on *the accountant* and his/her role in society as accounting practices permeate into everyday life (Bougen, 1994).

Research Propositions

In order to assess the potential effect of the Enron debacle on the prestige of the profession we conducted a post-Enron survey of business students concerning how they felt about the seventeen occupations in the Harris study. To this, we added three more occupations; two of them were implicated in the Enron scandal: CEO's and financial analysts, a third

occupation generally perceived as ranking near the bottom of the prestige continuum, the janitor/maid, was included to see how low the prestige of the accounting profession might have diminished.

While many U.S. workers lost jobs during the 1990s and early 2000s due to downsizing or saw their real wages stagnate, corporate Chief Executive Officers (CEO) vastly increased their incomes. In 1980, CEO compensation was 42 times that of the average worker, but in 2000, their compensation was 531 times that of the average worker (Byrne, 2002).⁴ This disparity in economic fortunes has been a subject of intense concern to the general public and shareholders alike. Moreover, former Enron CEO's, Kenneth Lay and Jeffrey Skilling, were credited in the financial press as the "architect of Enron's strategy and of much of the financial underpinnings". Our first proposition is based on this argument.

Proposition 1: Business students will discount the prestige of the CEO due to the role management, as represented by the CEO, played in the Enron scandal.

The public outcry over the Enron scandal appears to be directed more at the public accountants (Arthur Andersen), than the Enron management team. This may be due to public expectations that the public accountants' job is to keep management of the audited firms 'honest'. Thus, when management conducts business in a less than ethical manner it appears to become something that the public 'expects'. However, the public subsequently expects the independent auditors to prevent these scandals from happening, leading to an expectation gap; defined as the difference between the statutory requirements of auditors and the expectations of the public. Thus, when these manipulations get past the auditors, the accounting firm and the profession tend to suffer a greater loss of reputation than a company's management.

⁴ The average CEO earned \$13.1 million in 2000. Cash compensation for the CEOs at 365 of the largest U.S. companies increased 18% in 2000, while total pay increased 6.3%. Salaried workers received a 4.3% pay hike. (Business Week, April 16, 2001)

According to the 2001 and 2002 Harris Polls®, the general public thinks less of the accounting profession than those involved with the profession (i.e. businesspersons, financial analysts, bankers, etc.). Since our subjects self-selected into a business-related major, you would expect that business students would rank the accounting profession higher than would the general public. Solomon (1971) found that 54% of knowledgeable people ranked accounting as a profession compared to 25% of the general public (men 27%, women 23%). Our second proposition is based on this argument.

Proposition 2: Business students will rank the prestige and respect of the accounting profession higher than that of the general public.

Many groups were implicated for their handling of the Enron scandal. These include the public accountant, Enron's management team (as represented by the CEO), audit committee, Board of Directors, and Enron's legal counsel, the financial analysts and investment advisors, the bond and debt rating agencies, and the politicians and regulatory environment which allowed this scandal to occur. A recent *Business Week* article "*What About the Lawyers?*" investigates the role, or lack thereof, the Enron lawyers played in the scandal. According to the study, Enron lawyers are "looking at only some modest new regulations that the Securities and Exchange Commission is scheduled to implement in January (2003)" whereas accountants are expected to report to a new public oversight board and investment banks will be restructuring their research units (France 2002). Enron lawyers, Vinson & Elkins, were accused of drafting the off-balance sheet special purpose entities (SPE) to conceal the large amount of debt held by the company. Given the fact the Enron's lawyers structured a significant portion of Enron's special purpose entities; it will be interesting to report how business students evaluate the post-Enron prestige of corporate attorneys.

The public accounting firm, Arthur Andersen (hereafter Andersen), was indicted on federal obstruction of justice charges stemming from their alleged role in shredding thousands of Enron-related documents. The firm also faces numerous shareholder lawsuits relating the

financial statement audit and the questionable financial practices performed for Enron by Andersen. One should expect to see a negative impact on the prestige of the accounting profession.

Many of the Wall Street analysts persistently recommended Enron as a “strong buy” even while the value of the stock dropped precipitously. Many analysts were later accused of selling the stock in their personal portfolios while publicly hyping stocks to the general public. Moreover, the integrity of the analysts was compromised when their compensation became contingent on their brokerage firms securing investment banking business from the companies they covered.⁵ Debt rating agencies, Standard & Poor’s Corp. and Moody’s Investors Service, came under attack for being late to warn investors about Enron’s poor financial status. The failing company enjoyed an investment-grade rating until December 2—just four days before the company filed for Chapter 11 bankruptcy protection. Based on these transgressions, one should probably expect to see a somewhat negative impact on the prestige of the financial analysts.

Finally, a number of U.S politicians are facing increased pressure to disclose details on personal contracts and the receipt of campaign contributions from the energy company. Moreover, Enron contributed more than \$2.4 million in individual, soft money and political action committee (PAC) contributions to federal candidates and parties in the 2000 election according to the Center for Responsive Politics, a Washington-based nonprofit organization that tracks political contributions. Based on Enron’s ties to the political spectrum, it will be interesting to see how business students evaluate the post-Enron prestige of politicians.

In the period after the Enron bankruptcy, much effort has been focused on which group or groups were primarily to blame for their handling of the Enron scandal. When this information was revealed to the public over the past 18 months, one would expect respondents

to view the prestige of the implicated occupations with a less favorable impression. Our third proposition is based on the above arguments.

Proposition 3: Business students will rank the prestige of each of the implicated occupations; CEO, financial analysts, accountants, businesspersons, lawyers, and politicians with less favorable impressions.

The number of women entering the public accounting profession has increased significantly in the last thirty years (Trapp, et al., 1990). Further, in a 2001 study by the American Institute of Certified Public Accountants (AICPA), considerably more women than men (58% vs. 42%) graduate with Bachelor's degrees in accounting. This might be indicative of differing impressions among the genders as to the prestige of the occupation. In 1971, only 23% of females and 27% of males (Solomon, 1971) thought of accounting as a profession. This assessment may now have reversed. The fourth proposition is based on this most recent AICPA data.

Proposition 4: Females will consider the accounting profession to have a higher prestige than their male counterparts.

In order to get a better understanding of how academic major, gender, political ideology and work experience relate to the students responses, we also report student rankings of the prestige of the occupations and the change in the prestige of the occupations based on the aforementioned demographic information. We do not derive specific propositions for each of these covariates.

⁵ Merrill Lynch, top U.S. investment bank, agreed to pay \$100 million to settle charges, leveled by New York State Attorney General Eliot Spitzer, that its analysts -- aiming to boost its investment banking business -- publicly touted Internet stocks they slammed as "junk" in private.

Methodology

The exploratory nature of this research study requires that each of the subjects complete a two-part questionnaire that asks each participant to rate their perception of the prestige of twenty separate professions and occupations. Seventeen of the twenty occupations used in this study were originally selected, surveyed, and reported by Harris Interactive.⁶ The subjects are fourth-year undergraduate business students, accounting master's students, and general MBA students. A discussion of the Harris Interactive poll follows.

The Prestige Quotient Questionnaire

Harris Interactive Inc. is a leading market research, polling, and consulting firm engaged in providing critical market knowledge in many industries. The company conducts custom research on specific issues for specific customers, multi-client research on issues of general interest developed and sold to numerous clients, service bureau research for other research firms, and customer relationship management (CRM) services (Harris Interactive 10-K, 2001).⁷

Since 1963, The Harris Poll[®] weekly column ranks as one of the longest running and most respected series of surveys measuring public opinion. The column reports on a broad variety of topics including politics, the economy, health care, foreign affairs, science and technology, sports and entertainment, and lifestyles. The survey questions are often repeated year after year providing valuable trend data. From 1956 until 1976, most Harris Polls were conducted in people's homes. From 1980 until very recently nearly all Harris Polls in the US

⁶ Harris Interactive is worldwide market research and consulting firm, best known for The Harris Poll[®] and its pioneering use of the Internet to conduct scientifically accurate market research. Headquartered in the United States, with offices in the United Kingdom, Japan and a global network of local market and opinion research firms, the Company conducts international research with fluency in multiple languages. Historically, Harris Interactive has provided market research services exclusively through traditional methodologies, including direct mail, telephone surveys, mall intercepts, focus groups and in-person interviews. The Company has used standard market research weighting procedures to develop proprietary online research methodologies that make the Internet a viable medium for conducting highly accurate market research. See www.harrisinteractive.com for more information.

⁷ Source: Harris Interactive SEC Filing 10-K, September 9, 2001. Part 1, Item 1. Business and Overview Section.

have been conducted by telephone and beginning in 1998, Harris Interactive began to use the Internet to conduct surveys online in addition to continuing telephone and face-to-face surveys.

The American Institute of Certified Public Accountants (AICPA) and the Big 5 public accounting firms have contracted with Harris Interactive for a number of research studies.⁸ (8) In addition, for the past 24 years, Harris Interactive has been gauging the "prestige quotient (PQ)" of various jobs in the eyes of Americans. The PQ refers to the public's rating of the prestige of seventeen separate occupations and professions. The subjects of this study were asked to rate the prestige of each of the professions and occupations as having *very great prestige*, *considerable prestige*, *some prestige*, *hardly any prestige at all*, or *unsure of prestige*. The results of this 2001 and 2002 survey are reported below in Table 1.

[INSERT TABLE 1, PANEL A & B HERE]

The Harris Poll ® for 2001 and 2002 finds that doctors, scientists, and teachers top the list as the most prestigious occupations, while accountants, bankers, businesspersons, and union leaders round out the bottom. Military (+7%) and police officers (+3%) reported the greatest gains in prestige, while doctors (-11%), teachers (-7%), and clergypersons (-7%) reported the largest declines. The accounting profession reported a modest decline of 2% between 2001 and 2002.

Our subjects completed an adapted two-part questionnaire similar to the Harris Poll® on the PQ of certain professions and occupations. The questionnaire asked each participant to rate their perception of the prestige of twenty separate occupations and professions. In part one, the subjects rated all twenty occupations using a five-point scale with 1 representing *very great prestige*, two, three and four indicating *considerable prestige*, *some prestige*, and *hardly any*

⁸ Most recently the survey, "Privacy On and Off the Internet: What Consumers Want," was designed to examine consumer attitudes about how companies handle consumer privacy both on- and offline. It was conducted by Harris

prestige, respectively. Finally, the number five was set aside for when the subject *doesn't know* or is *unsure of the prestige* of the occupation.

Part two of the questionnaire asked subjects to evaluate how their perception of selected occupations has changed over the past year. Six specific occupations were selected due to their direct or indirect involvement with the Enron failure. These include the CEO, accountants, financial analysts, politicians, business persons, and lawyers. Subjects rated each on a three-point scale with one representing a *more favorable impression* of the profession with two and three representing *no change in impression* and *less favorable impression* respectively. The subjects were then asked to supply a few sentences to expand on why their perceptions had or had not changed. Finally, an exit questionnaire was included to gather demographic information on the subjects. Some of the demographics elicited from subjects include gender, academic major, political ideology, work experience, number of accounting courses, number of ethics courses, and level of education. A copy of the questionnaire is included in the appendix.

Subjects and Administration of Questionnaire

The subjects in this study completed a two-part questionnaire that asked each participant to rate their perception of the prestige of twenty separate occupations and professions and to evaluate how their perception of selected occupations has changed over the past year. The sequence of the occupations was randomized to control for order effects and as such, no order effects were found in the sequencing of the occupations.

The subjects in this study were comprised on 150 fourth year undergraduate business students, master's students, and general MBA students located at a large, public land grant university located in the Southeast region of the United States. All programs are accredited by the American Assembly of Collegiate Business Schools (AACSB). The written instructions stated

Interactive on behalf of Privacy & American Business, a non-profit public policy think tank, and was sponsored by

that the questionnaire was designed to investigate subject's perceptions of the prestige of the listed occupations and professions. Participation was voluntary and the responses to the questionnaire were anonymous. This guarantee of anonymity and the statement that there were no right or wrong answers were in the instructions to the questionnaire to minimize any demand effect bias. The survey took approximately 20 minutes to complete and was given during the standard class time. Of the 158 completed questionnaires, 8 subjects did not complete the demographic questions or answer the entire questionnaire, resulting in 150 useable responses. The demographic breakdown of these members is located in Table 2.

[INSERT TABLE 2 HERE]

Results

Following the Harris Poll® approach, Table 3 reports on the student responses on the prestige of the listed professions and occupations. As mentioned previously, our version of the poll included three additional occupations (CEO, financial analyst, and janitor/maid).

[INSERT TABLE 3 HERE]

Using the Harris Poll ® methodology, our subjects overwhelmingly ranked the CEO as the occupation with the greatest prestige, followed by doctors, athletes, and politicians while janitors, union leaders, and journalists rounded out the bottom. The Harris Poll® methodology orders the occupations based on the largest percentage of subjects ranking the respective occupations as one of *very great prestige*.

In an effort to get a better understanding of how subjects ranked the occupations, we modified the ordered criteria based on a review of all the responses. We assigned the number 1 to represent *very great prestige*, two, three and four indicating *considerable prestige*, *some*

prestige, and *hardly any prestige*, respectively. Finally, we excluded subjects that responded *doesn't know* or *unsure of the prestige* of the occupation from the modified calculation. We summed up the numbers to each response for each occupation and then divided over the number of responses (excluding the *doesn't know* or *unsure of the prestige* ranking) to compute a mean. In this way, every response is included in the ordering of the occupations. The results of this modification are included in Table 4 below.

[INSERT TABLE 4 HERE]

Upon investigation of Table 4, the rankings of a number of occupations changed with the use of our modified ranking system. For example, in 2001 the ranking of a lawyer drops four places from 12th to 16th, while the ranking of a businessperson rises from 17th to 11th. For comparison sake, we present the rankings of both the Harris Poll ® methodology and the new modified version. The students consistently rank each of the occupations with less prestige than the general public except for four where students rank these occupations more favorably than the general public. These include the athletes, politicians, entertainers, and lawyers. The ranking of the law profession surprisingly exhibits the largest difference between the groups.

Addressing the Research Propositions

Given the role of the CEO in the Enron scandal and growing disparity between upper- and middle-level management salaries, proposition 1 is interested in determining if business students have a negative opinion of CEOs. This initial proposition is evaluated by analyzing business students' ranking of CEO post-Enron. The ranking results indicate business students rank CEOs second, behind doctors (See Table 4). This result is confirmed in Table 5 where students respond to the change in the prestige of the CEO in the past year. The students mean response of 1.95 reflects little to no change in their assessment of the prestige of the occupation.

These results are surprising given the fact that Enron's CEO played such a critical and negative role in the company's collapse.

[INSERT TABLE 5 HERE]

Proposition 2 predicts that business students will have more respect for the accounting profession than the general public. This proposition was analyzed by comparing the pre-Enron and post-Enron ranking by the general public and the post-Enron ranking by the business students in Table 4.

Using the Harris Poll ® methodology, the general public ranked accountants 16th out of the 17 occupations in the 2001 Harris Poll® and 17th in the 2002 Harris Poll®. According to Table 1, 15% (13%) of the general public ranked the accounting profession as having *very great prestige* in 2001 (2002), 27% (23%) as having *considerable prestige*, 43% (42%) found the accounting profession to have *some prestige*, 12% (17%) *hardly any prestige*, and 3% (4%) were not sure. According to our post-Enron survey, business students ranked the accounting profession 17th out of the 20 listed occupations. As indicated in Table 3, 7% found the accounting profession as having *very great prestige*, 25% as having *considerable prestige*, 47% as having *some prestige*, and 21% as having *hardly any prestige*. Nearly 21% of the business students surveyed found the accounting profession to have hardly any prestige compared to the general public's 17% assessment. After modifying the ranking methodology, things are much better for the accounting profession. Table 4 reports a significantly lower prestige assessment of the accounting profession from business students (2.827) versus the assessment from the general public (2.663). A similar assessment was made for the businessperson occupation (2.732 vs. 2.458).

Designed to gain a better understanding of business students' perceptions of the implicated professions in the Enron scandal, we again find unexpected results for proposition 3.

In Table 5, results indicate that students lost little to no respect for the CEO and analysts, while they did report a less favorable impression for accountants, businesspersons, lawyers, and politicians. The accounting profession shows the largest decline in the student's impression (2.17) of the implicated occupations. Astonishingly, Table 5 also reports that accounting majors (2.29) reported a larger decline in their impression of the profession than non-accounting majors (2.09).

Proposition 4 evaluates how gender impacts business students' perceptions of the accounting profession. It was expected that female business students will perceive the accounting profession to be more prestigious than male business students. Per review of Table 6 below, female accounting students view the accounting profession as more prestigious than their male counterparts.⁹ This is confirmed in Table 5 as well where female students report a more favorable impression (1.98) of the accounting profession over the past year than the male students (2.26).

Another interesting finding relates to the assessment of the accounting profession by students with work experience. We had expected a more positive assessment of the profession by this group. The assumption was that students with work experience would have a greater understanding of the challenges accountants face. Table 5 reports a decreased impression of the profession (2.33 vs. 2.10), and Table 6 confirms this by reporting the low prestige ranking assigned by these students (2.96 vs. 2.77). Finally, the political ideology covariate appeared to be mostly irrelevant in this study.

⁹ The nonparametric statistics indicate a significantly ($F= 9.903, p= 0.002$) different ranking between female and male business students.

Discussion

The Enron debacle has forever changed the way the general public perceives the role of the accountant. In response to recent corporate scandals, the Bush Administration passed the Sarbanes-Oxley Act of 2002. Section 103 of the Act specifically emphasizes stricter accounting policies and auditing control. The profession that was once considered boring and disconnected from the rest of a company's operations has now risen to one of the most important professions in modern day business. The question remains how the negative publicity the profession received will impact the public's perception of the field and future recruitment and training of accountants. Pre-Enron statistics indicate the number of college students majoring in accounting dropped 25% over the past four years, according to the American Institute of Certified Public Accountants (Gullapalli 2002).

These preliminary findings indicate that the public's perception of the accounting profession has not significantly changed in comparison to the business students post Enron. The concern, however, is that the profession is ranked relatively low in comparison to the other fields found in the Harris Poll[®]. As news regarding the integrity of the accounting profession continues to make headlines, it is questionable how this negative publicity will effect future recruitment of accounting students. The resignation of SEC Chairman Harvey Pitt, for example, adds to the negative perception of the profession. It is debatable how corporate governance reform will affect the behavior of accountants and the public's perception of the profession.

Our post-Enron survey did reveal some rather surprising results regarding the prestige of the CEO. Given the fact that CEOs played such a critical role in the Enron debacle, we were expecting that business students would have a negative perception of CEOs. However, our preliminary findings indicate that business students still hold this job title in high regard. One possibly may be that business students ranked some of the professions higher than others based

on compensation or some other variable. For example, CEOs may be ranked higher than accountants due to the fact that CEOs are generously compensated in comparison to other professions. Research suggests that the CEOs in 1999 made 82 times that of employees. Earning potential may largely impact the students' perception of these professions.

Another explanation for the high ranking of the CEO role is the business students' view has not greatly changed due to 'a few bad apples in the bunch'. Students may still hold the CEO title in high regard despite the Enron debacle. Further research is needed to explore students' perception of various job titles given the recent attention to corporate responsibility and corporate governance.

Our exploratory findings were also particularly interesting regarding the role of lawyers in the Enron debacle. Along with accountants, lawyers played a significant role in the recent spate of corporate crime. Whereas the audit opinion is a valued judgment from the accountant, the legal opinion letters are the valued report prepared by attorneys. According to France (2002), the legal opinion letters represent the official memorandum expressing an attorney's view that a deal complies with particular facets of the law. The opinion letters are signed by the firm and are taken very seriously. Accountants heavily rely on legal opinion letters, especially, when reviewing structured-finance deals involving equity similar to Enron. A relationship appears to exist between the accountant's job and the lawyer's role, however, the Enron collapse implies that the public may over-value the accountant's opinion and as such blames the profession for the demise of Enron.

It is also worth noting that female and male business students have significantly different perceptions of the prestige of the accounting profession. As more women continue to retain higher job positions within accounting firms, possibly this will help restore some of the

negative connotations associated with accountants. Further research is needed to explore if differences exist regarding male and females opinions of corporate scandals.

Finally and most interestingly, a number of our findings with respect to favorability rankings and Enron finger-pointing are in stark contrast to the recent study (CPA Letter, June 2003) conducted for the AICPA which similarly examined the effects of corporate accounting scandals on the CPA brand. The study conducted by Penn, Schoen & Berland Associates (PSB) used over “1,000 interviews with business decision makers and investors/shareholders” to “ascertain whether respondents had changed their views about CPAs.” “Do they think any differently about CPAs after the accounting scandals, whom do they blame fro the scandals and how much damage have CPAs suffered?” The key findings of this research reports “CPA favorability is second only to doctors” and “blame for the corporate accounting scandals focuses most intensely on CEOs, CFOs, and Board of Directors, not CPAs.” Both of these findings are not supported in the current research.

More than a dozen congressional committees and several other federal departments and commissions including the U.S. Department of Justice, the U.S. Department of Labor, the Securities and Exchange Commission (SEC), and the Senate Banking and Finance Committees are investigating the possible accounting irregularities, insider trading, pension law violations, and energy market manipulations. It is not enough to have first-rate financial management skills, today you must have excellent interaction, appearance, and marketing capabilities along with a management accounting and financial management background. In the wake of Enron and other accounting failures, the traditional accounting stereotypes may be greatly altered. Possibly, future accounting students will not be attracted to the field due to the Enron debacle and other corporate scandals.

In response to the accounting scandals, many business schools are now offering courses specializing in accounting ethics and corporate fraud. Examples include the University of California at Irvin, MIT, Brigham Young University, the University at Texas at Austin, and the University of North Carolina at Greensboro. The goal of these revamped courses is to teach future business leaders how to “sleuth through corporate books”.

For some, the recent attention may cause some students to gain a greater appreciation for the need of accountants and auditors. As issues such as corporate accounting scandals, the integrity of the political process, and the role of audit committees continue, it is questionable how these issues will impact the prestige of today’s accountant.

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Appendix: Student Perceptions of the Prestige of Listed Professions and Occupations

PLEASE READ: This short questionnaire asks you to rate your perception of the prestige of each profession/occupation. Please remember, there is no right or wrong answers in this survey.

Please rate your perception of the “prestige” of each of the 20 professions/occupations below.

	Very great (a)	Considerable (b)	Some (c)	Hardly Any (d)	Don't Know (e)
1. Athlete					
2. Police Officer					
3. Military Officer					
4. Politician/Member of Congress					
5. Architect					
6. Entertainer					
7. Union Leader					
8. Banker					
9. Doctor					
10. Teacher					
11. CEO/CFO					
12. Engineer					
13. Scientist					
14. Accountant					
15. Minister					
16. Lawyer					
17. Business Person					
18. Journalist					
19. Financial Analysts/Investment Bankers					
20. Janitor/Maid					

How has your perception of the following professions changed over the past year?

	More Favorable Impression (a)	No Change in Impression (b)	Less Favorable Impression (c)
21. CEO/CFO			
22. Financial Analysts/ Investment Bankers			
23. Accountants			
24. Business Person			
25. Lawyer			
26. Politician/ Member of Congress			

