

Full Length Research Paper

The influence of workplace spirituality on motivations for earnings management: A study in Taiwan's hospitality industry

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The paper attempts to examine the influences on motivations for earnings management from the perspectives of workplace spirituality in Taiwan's hospitality industry. The findings suggest that workplace spirituality is a new perception of individuals toward their lives and selves under the influence of the workplace. Such influence further affects the individuals on the acknowledgement of self-group relationships, and the actions of individuals. Therefore, spiritual awareness shows a mediating effect between organizational spirituality and earnings management. Moreover, the mediating effect is greater than the direct effect of organizational spirituality on the motivations of earnings management. In addition, this paper proves that there are no significant variances in the awareness of workplace spirituality among people who have different religious beliefs. Most literatures address earnings management from the perspectives of audits or business ethics, and suggest that moral education is the best way to cope with this issue. However, a sole reliance on the awaking and realization of the individual ethics may not be sufficient to amend current chaotic situations regarding earnings management. In fact, earnings management, in essence, is highly relevant to the opportunistic behaviors of management.

Key words: Earnings management, workplace spirituality, motivations for earnings management.

INTRODUCTION

In recent years, there have been increased incidents of corporate frauds around the world. Many of these incidents involve false financial reporting, irregular transactions, inflated revenues, and assets embezzlement. The frauds have resulted in investors losing confidence in the management teams and financial reports of many listed companies. Although, the government authorities of securities exchanges and auditing industries around the world have established various legal regulations to enhance frauds prevention, levied punitive measures on unscrupulous behaviors, and devoted continuous efforts on education of business ethics, the financial tsunami in 2008 left financial industries in shambles. The public has more doubts on the professional ethics of corporate management and auditors.

The practice of altering transactions and financial reports to mislead the judgments of investors into believing reported corporate performances and influencing contract results based on falsified accounting books is called earnings management (Healy and Wahlen, 1999). Most of the discussions of earnings management are from financial perspectives. However, earnings management reflects the interests of management, instead of the real operating results of companies. Earnings management is in fact a managerial behavior, not mere financial variations (Goel and Thakor, 2003; Chung et al., 2002). Therefore, many researchers have suggested that the analysis of these issues should be dealt with from psychological or behavioral aspects, such as human nature. Some have indicated that when individuals are facing pressures from the managers or

organizations, they may go against their own nature. In other words, the spontaneous behavior based on personal attitudes, values, and beliefs may lose their natural nature under pressure (Lightner et al., 1982; Lord and DeZoort, 2001).

In fact, the true purpose of all economic activities, reflects the will, experiences, and emotions of people, and often emphasizes the nature of human existence or moral contents. At the end of 20th century, people have begun to face spiritual emptiness, moral abnormalities, twisted social values, greed, and all kinds of crimes, against the backdrop of the formation of knowledge economy and the acceleration of material satisfactions due to technological advancements. This has caused an imbalance between material and spiritual life. Therefore, people have become increasingly concerned about the nature of human existence, and there have been more and more discussions and explorations on this issue (Jurkiewicz and Giacalone, 2004; Klenke, 2005; Sheep, 2004), as well as, a wave of studies of spirituality in management (Cavanagh, 1999; Marschke, 2007). Jue and Wedemeyer (2002) suggested that the management model based on human nature in the industrial economy is under challenge because management theories in the industrial age cannot entirely explain, let alone resolve, the current dilemma. Therefore, in the field of management study, discussions on spirituality have emerged, and it is hoped that spiritual management can become effective in this era of knowledge economy (Sheep, 2006; Moore and Casper, 2006). Harrington et al. (2001) indicated that at the beginning of a new century, employees experienced a fundamental change of work values. This paradigm shift was as profound as the information age, and such changes began the exploration of spirituality and spiritual feelings resulting from workplaces, which are called "workplace spirituality".

However, most of the studies on spirituality focus on the spiritual feelings of individuals. Reed (1997) and Thompson (1993) indicated that excess attention on details causes an intellectual myopia, which prevents an overall view of the workings of organizational powers and control relationships. Therefore, this paper suggests that workplaces are not simply entities, groups, or hierarchical organizations, but rather, they are an aggregation of different levels, rather than a combination of single layers. Therefore, the hierarchical linear model is adopted for analysis in Taiwan's hospitality industry, and further analysis confirmed a correlation between workplace spirituality and earnings management among hospitality industry employees in Taiwan.

LITERATURE REVIEW

Meaning of workplace spirituality

At the end of the 1960's, many researches proposed that

humanism is too self centric and narrow, and hence, has the tendency of evolving into solipsism. Therefore, some scholars have began to explore deeper psychological aspects (Danicls, 1988), which is how transpersonal psychology emerged. Many scholars have pointed out that the old paradigms are not sufficient to respond to all human experiences, and proposed a fourth level, namely spirituality. Generally speaking, spirituality is considered a life essence that exceeds the self and is a higher level of human awareness (Jarvis, 2001; English and Gillen, 2000). After proposing his five-level needs theory, Maslow (1969) suggested that spirituality is the highest level of needs, exceeds self-realization, and is a part of the essence of human existence. Without spirituality, human nature is incomplete. It is true that the self, self-recognition, and an inner core are a part of a happy life. However, the field of organization management is trapped under the limitations of rational myth; in other words, emotional factors should be excluded if an organization is to operate smoothly. The inner world of organizational members is confined to a model of complete rationality, leaving no room for spirituality. Therefore, the issues surrounding spirituality have been ignored by organizational management (Robbins, 2002). As people are facing spiritual emptiness, moral abnormalities, twisted social values, greed, and all kinds of crimes, the phenomena have caused an imbalance in material and spiritual life, and created serious impacts on work values and workplace ethics of employees. Mitroff and Denton (1999) found that most of the interviewed employees indicated that their 'souls' have been damaged by work. However, this is often not seen on the surface. Donde and Dennis (2000) indicated that from the 1980's to 1990's, many companies made extensive efforts in downsizing, reengineering, and streamlining in order to stimulate the drives of their organizations. However, the result was disappointing as morale steeply declined. Elliott and Lemert (2006) suggested that maintaining an aggressive, but liberal personality, able to interact appropriately with others/subjects, and upon one's own identity, within a global environment is the new individualism.

As workplaces become the center of everyday life, social contact and interpersonal concerns have been reduced, thus, many scholars have attempted to identify effective ways to stimulate internal strengths of employees through the introduction of spirituality into organizational management. Second, the encouragement of workplace spirituality is also deemed as a response to the greed emerged in the 1980s, and an expression of reflections of corporations (Jurkiewicz and Giacalone, 2004; Carole and Robert, 2004; Kale and Shrivastava, 2003). Valente (1995) argued that the confusion over life and the desire to seek meanings of life have resulted in increased curiosity in oriental religions and philosophies, such as Buddhism and Confucianism, which encourage seeking spiritual values and shared identification through

meditation, reflection, and activities that stress loyalty to organizations. Dehler and Welsh (1994) suggested that contemporary organizations must provide physical, mental, emotional, and spiritual energies to employees.

This paper summarizes relevant literature, and suggests that workplace spirituality is mutual contributions of individuals and work groups that enhance the meaning of work and the enlightenment of self transcendence, in order to allow individuals to feel the value and completion of life. In addition, workplace spirituality is different from individual spirituality with the exploration of life and work meanings, by individuals, through work. Therefore, workplace spirituality enhances multiple impacts. For example, Sheep (2006) examined spirituality from the perspectives of organizational society, and found that the influence of workplace spirituality transcends that of individuals, organizations, and societies. Garcia-Zamor (2003) also suggested that the purpose of spiritual pursuits by individuals in the workplace is to discover the meaning of spirit to enhance freedom at work. The purpose for organizations to develop spirituality at workplaces is to link spirituality and ethics, which echoes the organizational culture and improves organizational productivity. Therefore, this paper divides workplace spirituality into two levels for analysis, which are spiritual awakening of individuals and organizational spirituality. Spiritual awakening refers to realizing life's value and meaning via experiences through work or workplaces. It is an introspective process, where individuals connect with others, societies, and all beings in the nature in a profound manner, in order to generate a new set of conceptions, awareness, and perceptions that go beyond usual sensory experiences. Organizational spirituality is the establishment of the identity and concerns shared within an organization. Employees feel a meaning to life that work creates via spiritual conversations, listening, and coping with pressures and challenges through spiritual learning and growth.

Implications of earnings management motives

Earnings management aims to achieve certain purposes by manipulating relevant accounting practices, under generally accepted accounting principles, so that the earnings shown on financial reports achieve predetermined targets. There are three major prerequisites based on this definition, as follows:

- Under the generally accepted accounting principles, adjustments and changes are purposefully made in order to report earnings that meet the expected targets.
- The treatment of accounting and compilation of reports are manipulated purposefully in order to meet the expectations of management or certain individuals.
- Creative adjustments or twisting of the actual financial

performances is made in order to meet operational targets.

The studies on the motivations or incentives of earnings management are mostly conducted on the basis of audits, and few studies have focused on the perspectives of behavior. Relevant literature can be divided into two categories: 1) risk assessment, which aims at developing analytical or predicative indicators to evaluate degrees of earnings management, and assist in differentiating the quality of earnings information (Hansen et al., 1996; Summers and Sweeney, 1998); 2) assessment of fraud, which aims to analyze the discerning skills of auditors of unscrupulous behavior (Bernardi, 1994; Reckers and Schultz, 1993). The motivations of earnings management can be divided into the following categories:

(1) Attitudes and convictions: This refers to the perceptions and behavior tendencies of individuals toward the practice of earnings management and can be classified into altruism (i.e. for the benefit of companies by avoiding share price slumps), selfishness (that is, for personal gains, such as bonuses), and behavior beliefs (that is the expectations of potential pros and cons resultant from the behavior of earnings management). Fischer and Rosenzweig (1995) found that accountants are more sensitive to accounting manipulations, whereas managers are more tolerant toward operating manipulations. Merchant and Rockness (1994) and Elias (2002) indicated that the interviewees of varying professional backgrounds show significant variances in the moral judgment of earnings management.

(2) Pressures from affiliated parties: This refers to the tendency of management to become engaged in earnings management due to requests from financially affiliated parties, such as supervisors, colleagues, accountants, shareholders, creditors, or analysts. Ayres (1994) suggested that the motivations for earnings manipulations may be to meet expectations of shareholders regarding dividend distributions. DeZoort and Lord (1994), Becker et al. (1998), and Lord and Dezoort (2001) indicated that accountants may be engaged in earnings management under pressure from peers, clients, or supervisors.

Relationship of workplace spirituality and earnings management

Earnings management is highly relevant to human greed (Scott, 2006). The demand for business ethics cannot effectively prevent earnings management by corporate managers (Brooks, 2000). However, Merchant and Rockness (1994), and Elias (2002) indicated that the interviewees of various professional backgrounds show significant variances in moral judgments of earnings management. Therefore, an important issue in

organizational management studies is what new methods are available to curb earnings management. As Scott (2006), Goel and Thakor (2003), and Dechow and Skinner (2000) emphasized, earnings management is an economic activity of managers, and therefore, relevant discussions should return to their behaviors. Although, many scholars have addressed the issues of earnings management from psychological or behavioral aspects, such efforts remain insufficient (Goel and Thakor, 2003). Earnings management is an economic activity, and the purpose of operational activities is to present the existing value of people. Therefore, the focal point of discussions on earnings management should be centered on the value of human existence in order to gain a true understanding of the purposes of such activities. The value of human existence is one of the basic concepts of workplace spirituality.

From the ethical points of view, the main purpose of earnings management is to mislead interested parties in false belief of the operational performances of a company (Healy and Wahlen, 1999), in order to enhance personal gains of management at the expense of shareholders' rights (Goel and Thakor, 2003; Turner, 2002). Therefore, earnings management violates corporate ethics, and is detrimental to social justice. Schmidt-Wilk et al. (2000) argued that the development of spirituality with a focus on principles, virtues, ethics, values, emotions, intelligence, and intuition can enhance ethics established on human nature, courage, and intelligent capacity. Nix (1997) and Freshman (1999) also suggested that spirituality helps to improve social responsibilities of workplaces, and gives a sense of responsibility of organizational members. This new framework for the interpretation of ethics is based on spirituality and social justice. In other words, the development of workplace spirituality can transfer ethics and social justice into values, from within individuals, rather than a set of external restrictions imposed by regulations concerning moral standards. Jurkiewicz (2002) indicated that workplace spirituality can be combined with multiple ethics, and be integrated into work and personal values by reducing regulations and standards of formal ethics. Ebaugh (2002) stated that workplace spirituality helps individuals to avoid behaviors that may jeopardize their own career developments. Thompson (2000) suggested that the enhancement of spirituality can greatly enhance shareholders' value and returns on investments. On the other hand, the main influence of earnings management is the influence of specific purposes for the managers on shareholders' value. Therefore, workplace spirituality should reduce the motivations of earnings management.

Forster (2008) emphasized that the management of modern companies should be based on spiritual elements, rather than the manipulation of financial reporting in order to show maximum profits. Giacalone and Jurkiewicz (2003) further indicated that there is a strong mutual connection between workplace spirituality

and earnings perspectives. Fernando and Jackson (2006) pointed out that the concept of workplace spirituality of leaders exhibits influence on their decision behaviors. Empirically, the practice of earnings management in financial accounting (Kaplan, 2001), and budgetary inflations in management accounting (Douglas and Wier, 2000), are highly relevant to the inner values of leaders. Therefore, this paper suggests that workplace spirituality can enhance the inner ethics and moral standards of individuals or organizations, and influence various decision behaviors, thereby resulting in reduced occurrences of earnings management.

RESEARCH METHODS

Research structure

The construction and influence of workplace spirituality contains many levels, therefore, this study adopts a Hierarchical Linear Model for analysis. The reality in a given organization is nested, with one phenomenon layered on top of another, thus, the use of a Hierarchical Linear Model is can provide a better understanding on organizational operations. Figure 1 show the overall research structure of this paper, and the research hypotheses are proposed as follows:

H₁: Organizational spirituality on the organizational level has a positive influence on spiritual awakening at the individual level.

H₂: Workplace spirituality has a negative influence on the motivations of earnings management.

H_{2a}: Spiritual awakening on the individual level has a negative influence on the motivations of earnings management at the individual level.

H_{2b}: Organizational spirituality on the organizational level has a negative influence on the motivations of earnings management at the individual level.

Sampling subjects

In this study, a focus group seminar was conducted to collect information before the questionnaires survey in order to take into consideration cross-cultural issues. Then, this study followed the principle of critical incident techniques (CIT) for task analysis to analyze the content of the gathered data, and designed the questionnaires based on the results.

Focus group targets

Since the subjects of workplace spirituality were workers/employees, and there was no difficulty in accessing sample sets throughout Taiwan' hospitality industry, this study adopted stratified sampling by dividing Taiwan into northern, central, and Southern regions. Two colleges/universities were selected in each region, and then contact was made with the hospitality departments offering programs to full-time working professionals to arrange interviews, totaling 51 people (Table 1).

Questionnaire surveys

The analysis of earnings management requires statistical data of financial reports; therefore, this study sampled listed on hospitality

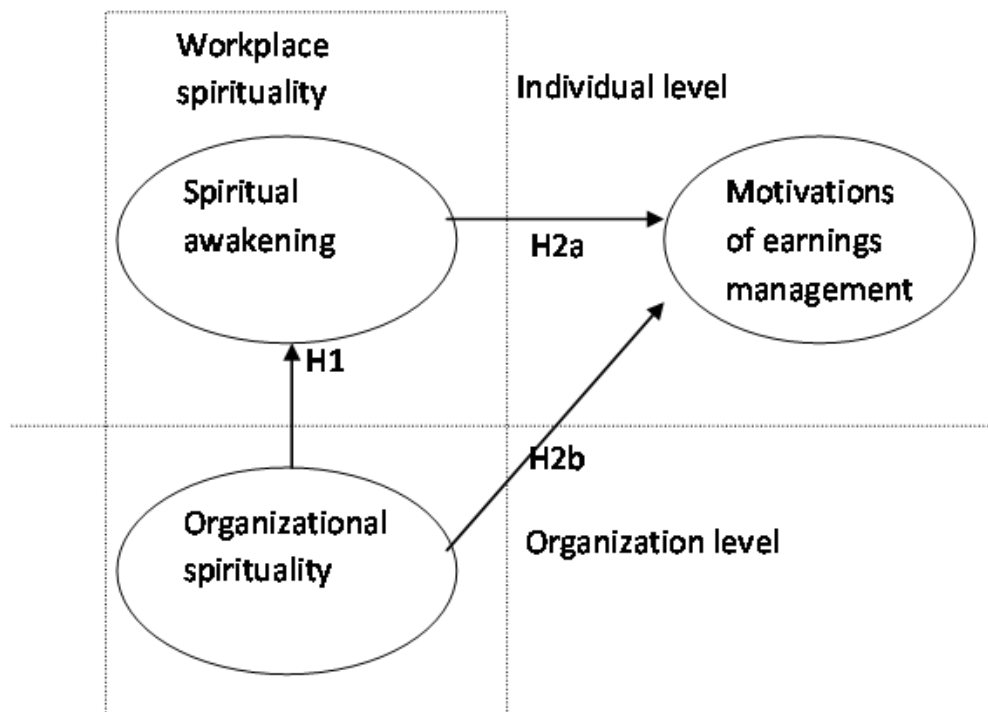


Figure 1. Research structure.

Table 1. Focus group sample.

Demographic variable		No. of samples	Percentage (%)
Age (years old)	Below 29	4	7.84
	30-39	17	33.33
	40-49	18	35.29
	Above 50	12	23.53
Sex	Male	26	50.98
	Female	25	49.02
Status	Unmarried	19	37.25
	Married	32	62.75
Work years	Below 10	12	23.53
	11-19	14	27.4
	Above 20	25	49.02
Education	Below university	2	3.92
	College/university	30	58.82
	Above master	19	37.25

companies of the Taiwan Stock Exchange and OTC. It also adopted a Hierarchical Linear Model with the research levels consisting of personal and organizational levels. In order to avoid the sourcing of data from the same respondents and the resulting common method variance (CMV), Scott and Bruce (1994), and Podsakoff and Organ

(1986), suggested that difference versions of questionnaire should be developed for employees and supervisors. Therefore, this study divided the questionnaires into financial/accounting personnel and supervisors. The questionnaires for the former were filled out by the financial/accounting staff of the sampled companies, and their

Table 2. Questionnaire surveys samples.

Demographic variable		No. of samples	Percentage (%)
Industry	Tourist hotel	107	40.38
	Restaurant	135	50.94
	Other	23	8.68
Types of capital	Domestic companies	245	92.45
	Foreign companies	20	7.55
Capital	Below NT\$ 50 million	2	0.75
	NT\$ 50 -100 million	55	20.75
	NT\$101-500 million	76	28.68
	NT\$501-1000 million	109	41.13
	Above NT\$ 1000 million	23	8.68
Company age	Below 10 years	86	25.40
	10-20 years	149	44.13
	Above 20 years	103	30.47

answers represent spiritual awakenings and motivations for earnings management at an individual level. Meanwhile, the results of questionnaires filled out by supervisors of the sampled companies were considered as data representing organizational spirituality at the organizational level. Paired samplings were performed, and the list of pairs was based on the list of financial/accounting supervisors, as provided by the databank of the Taiwan Economic Journal. After the questionnaires were distributed for the first time, the receipt of the questionnaires was confirmed via phone, and if the respondents were different, the questionnaires were resent. A total of 902 copies of the questionnaires, and 265 effective questionnaires were returned; the valid return rate was 29.38% (Table 2). A total of 338 valid questionnaires were filled out by supervisors, and 650 were filled out by financial/accounting personnel.

In order to avoid errors due to differing times of questionnaire recovery, this study divided the questionnaires returned in 2008 and 2009 into two groups, and conducted t-tests on the sampled data to verify whether any response errors occurred by analyzing the genders, ages, educational levels, marital statuses, work histories, service tenures, monthly incomes, life philosophies, and religious beliefs of the two sampled groups. The test showed that none of the p-values of individual variables reached a significance level, indicating that the timing of the questionnaire recovery did not lead to any differences in sampled data. Therefore, this study concluded that there should be no significant variances in the respective variables, concerning the respondents and non-respondents. The lack of response difference has limited impact on this research project.

Questionnaire design

Since cultural differences must be taken into account, this study first collected data from focus group interviews and content analysis for workplace spirituality. The results served as a basis for the design of a Likert 5-point scale, and pre-testing was conducted before the formal questionnaire survey. The design of the focus group interviews was mainly based on literature review. Since workplace spirituality is perceived or developed by organizational members in

relation to their workplaces, the questionnaire asked the interviewees to indicate whether they have ever experienced the essence of life, the value of their own existence, or a relationship between an individuals and the universe, after working for a period of time. The interviewees described each scenario and their feelings at that time. The description included the reasons and impacts on the body and mind.

With prior consent from the interviewees, this study recorded the interviews and transcribed the contents before conducting a content analysis of the transcripts based on the CIT principle. First, it invited three scholars to serve as coders. These scholars were well versed regarding workplace spirituality, familiar with the content analysis, and all had work experiences in the business circles. (Most people are unlikely to be familiar with both workplace spirituality and content analysis.) Then, this study referred to the abovementioned literature, and summarized the contents of relevant concepts in order to create the principles for the theme extracts. The themes were extracted from transcripts word by word. In other words, the sentences or paragraphs that met the research purposes and the above principles were identified for integration into analysis units for further processing. A total of 99 themes were synthesized. Second, the coders classified the individual themes into appropriate concepts. After confirmation by the coders, this study asked the coders to determine the levels of agreement (that is, the number of agreed themes/total number of themes), and the average value was 0.88. This study then calculated reliability (number of people* level of mutual agreement)/(1+ (number of people-1) x level of mutual agreement), and the computed reliability was 0.98.

After the confirmation of the reliability of the individual themes, the themes were integrated and classified into corresponding concepts for establishing questionnaire items. The 27 items measured the concepts in workplace spirituality, and the last item was a rhetorical question. Finally, this study designed the questionnaires for the supervisors (i.e. the measurement of organizational spirituality), and for financiers/accountants (i.e. the measurement of spiritual awakening). The content of the items was presented with a Likert 5-point scale, except for the part dealing with personal and company basic data.

This study addressed issues concerning the motivations for earnings management, from the perspectives of behavioral

intentions in the questionnaire design. It referred to the earnings management intention questionnaire developed by Gillett and Uddin (2002), and the earnings management scenarios questionnaire developed by Merchant and Rockness (1994), and Fischer and Rosenzweig (1995). The above measurements are mature and well-established, and have been adopted and verified by many studies; therefore, this study did not perform pre-testing. The questionnaire included 20 items; items 1 to 14 were the measurements of attitudes and convictions, and items 15 to 20 were the measurements of pressures from affiliated parties, which were all presented in Likert 5-point scale.

RESEARCH ANALYSIS

Factor analysis and reliability analysis

This study conducted a KMO (Kaiser-Meyer-Olkin) test and a Bartlett test on the data of spiritual awakening, organizational spirituality, and motivations for earnings management in order to determine whether it was appropriate to perform factor analysis. The results showed that the KMO value of organizational spirituality is 0.93 ($p < 0.001$), and that of spiritual awakening is 0.92 ($p < 0.001$), and that of motivations for earnings management is 0.94 ($p < 0.001$). Therefore, Varimax is employed for factor analysis.

The measurement of organizational spirituality is based on questionnaires filled out by financial/accounting supervisors of sampled companies. The assessment by supervisors represented the results of an organizational level. Some supervisors worked in the same companies, therefore, this study calculated the average values of these respondents, and used the average to represent their companies. The results of the factor analysis on organizational spirituality extracted five factors, which could explain an accumulation of 72.07% variables. The factor loadings of all the questions are greater than 0.5, thus, all items are retained. Based on relevant literature, the items are named as follows:

- (1) Inner satisfaction: It infers that an organization should provide a sense of security and belonging for employees, allowing them to accept themselves and others in order to create their own satisfactions and happiness. In this way, they are more willing to have concerns over the organizational issues and become involved in tasks.
- (2) Self growth: It refers to guidance provided by an organization to employees, regarding self reflections, development of inner stability, and self identity in order to nurture characteristics, such as honesty, equality, and love.
- (3) Diversified experience: It refers to the initiatives driven by an organization to develop the employees' ability to face different aspects of life. With a diversified pool of contacts and developments, employees can broaden their experience and embrace changes free from the past.
- (4) Helping others: It refers to positive and tolerant

attitudes fostered by an organization to encourage employees to actively take responsibility, work hard, and make efforts to finish tasks.

- (5) Pressures/dynamics: It refers to appropriate challenges and competitiveness in workplaces, as well as a mechanism in place to guide employees in a positive direction, which in turn, drives changes.

The measurement of spiritual awakening was a questionnaire filled out by financial/accounting personnel of the sampled companies. The results of the factor analysis on spiritual awakening extracted five factors, which could explain an accumulation of 63.50% variables. The factor loadings of all the questions are greater than 0.5, thus, all items are retained. Based on relevant literature, the items are named as follows:

- (1) Realization of the meaning and value of life: It refers to the nourishing effects of workplace spirituality on inner spiritual life, the affirming processes of self-existence and harmonious feelings with external environments, thus, achieving growth and satisfaction in work responsibilities and self awareness.
- (2) Inner explorations: It is an introspective action, with which individuals can self reflect, thinking in different lights in order to sense their direction from within, and thus, realize themselves.
- (3) Mutual assistance: It refers to tolerance, caring, and helping others through characteristics, such as honesty, equality, and love.
- (4) Transcendent experience: Transcendence is a self-aware experience, which requires flexibility for change, and a diversified environment to encourage such an experience. Therefore, interaction with different types of people and groups, as well as a wide range of experiences in the workplace, helps to develop individual acknowledgement of workplace spirituality.
- (5) Mental challenges: Mental challenges are the scenarios that prompt or guide spiritual growth and changes of individuals under stressed and challenging situations.

Two factors were extracted from the analysis of the factors influencing the motivations for earnings management, which could explain 68.03% (accumulative) variances. The factor loadings of all the questions are greater than 0.5, thus, all items are retained. Based on relevant literature, the items are named as follows:

- (1) Attitudes and convictions: It refers to the motivations for earnings management as a response to any potential crisis, which a company or individual may face (such as the avoidance of a loss of confidence by banks, the avoidance of share price collapse, the reduction of tax burdens, or threshold achievements of a public company), and the conviction in the expected results (such as the expectations for potential pros and cons

Table 3. Custer analysis of organizational level variables.

Factors	ICC(1)	ICC(2)	r _{wg}
Inner satisfaction	0.30	0.92	0.95
Self growth	0.49	0.92	0.94
Diversified experience	0.39	0.88	0.92
Helping others	0.41	0.89	0.91
Pressures/ dynamics	0.23	0.81	0.92

Table 4. Null model test.

Independent variables	Fixed effects		Random effects		ρ_1 (ICC)
	γ_{00}	Standard errors	τ_{00}	σ_2	
Motivations for earnings management	6.30*	0.12	0.56*	1.62	0.26

* indicates $p < .001$.

resulting from earnings management).

(2) Pressures from affiliated parties: It refers to the tendency of management to become engaged in earnings management due to requests from financially affiliated parties, such as supervisors, colleagues, accountants, shareholders, creditors, or analysts.

This study used Cronbach's α as the tool to perform reliability tests. The Cronbach's α of the measurement for spiritual awakening was 0.937; that of the measurement for organizational spirituality was 0.933, and that of the measurement of the motivations for earnings management was 0.964. The Cronbach's α value of all the constructs were above 0.8, indicating good reliability.

Relevance analysis

According to the relevance analysis of the variables, there is a significant correlation among individual variables; however, it does not reach a high correlation of close to ± 1 . There is a significant and positive correlation between the variables of organizational spirituality (that is, inner satisfaction, self growth, diversified experience, helping others, and pressures/dynamics), and the variables of spiritual awakening (that is, understanding of life meaning and values, inner exploration, mutual assistance, transcendent experience, and mental challenges). The correlation coefficients are between 0.41 and 0.5. There is a significant negative correlation between the variables of organizational spirituality and the motivations for earnings management (e.g., attitudes, convictions, and pressures from affiliated parties), as well as, between the variables of spiritual awakening and the motivations for earnings management. The correlation coefficients are between -0.42 and -0.63.

Hierarchical linear model

Cluster analysis of organizational level variances

This study employed ICC and rwg coefficients to confirm whether there is a consistency in the determination and judgment by different supervisors in an organization, and whether there are any variances across different organizations. The results are shown in Table 3. The rwg values of the five organizational spiritual factors are all greater than 0.90. The ICC (1) coefficients are between 0.23 and 0.49, greater than 0.12; the ICC (2) coefficients are between 0.81 and 0.92, greater than 0.60. Therefore, it could be concluded that the aggregation of the organizational level variances with the five organizational spiritual factors measured with the sampling of individual supervisors is appropriate.

Null model analysis

This study inferred that the variables of the individual level (spiritual awakening) and the variables of the organizational level (organizational spirituality) had influences on the motivations of financial/accounting personnel for earnings management. In order to validate this hypothesis, this study applied a null HLM model to confirm that there are variances in the motivations of financial/accounting personnel for earnings management, and such variances are due to differences in organizations. The analysis model is as follows:

Level 1: Motivations for earnings management $_{ij} = \beta_{0j} + r_{ij}$

Level 2: $\beta_{0j} = \gamma_{00} + U_{0j}$

As shown in Table 4, analysis found that the residual variance of the intercept of the motivations of earnings

Table 5. Contextual model test.

Independent variables		Spiritual awakening	Earnings management motivations
Item		β coefficient	β coefficient
Interception		6.155 *	23.552*
Individual level	Predictive variable		
	Spiritual awakening		-0.629*
	Control variable		
	Age	0.108	0.186
	Work history	0.068	-0.109
	Monthly income	0.014	-0.014
Organizational level	Predictive variable		
	Organizational spirituality	1.340*	-0.215*
	Control variable		
	Craft	0.197*	-0.337*
	Region	0.050	0.138
	Revenue volatility	1047.291*	0.031
F		1047.291*	259.234*
R ²		0.619	0.764

* indicates $p < .001$.

management ($\tau_{00} = 0.56$, $p < 0.001$) reached a significant level. Therefore, through null model testing, this study examined the front-end factors influencing the motivations for earnings management. It was suggested that a cross-level analysis model should be constructed to validate its reasonability, and the result is initially supported. This study further examined the ρ_1 (ICC) of 0.26, indicating that 26% of the variances in the motivations for earnings management are due to different organizations, whereas, the remaining 74% variances could be explained by the internal variances of a given organization. Therefore, it was impossible to conduct an analysis through a simple regression model; rather, intra-group variances were taken into account.

Contextual model analysis

This study applied intercepts as outcomes for the testing of the contextual model. The first level of HLM was defined as a complete model, and the intercept of the first level of the regression model was used as a variable for the second level. This model incorporated the variables of the second level to test whether the predictive variables of the second level reported any direct influence on the independent variables.

The contextual model defined age, work history, and monthly income as control variables at the individual level; and craft, region, and revenue volatility as control

variables at the organizational level. The model concerning the relationship of organizational spirituality to spiritual awakening was established based on the research hypothesis, expressed as follows:

Level 1: Spiritual awakening_{ij} = $\beta_{0j} + \beta_{1j}$ (age_{ij}) + β_{2j} (work history_{ij}) + β_{3j} (monthly income_{ij}) + γ_{ij}

Level 2: $\beta_{0j} = \gamma_{00} + \gamma_{01}$ (organizational spirituality_{ij}) + γ_{02} (craft_{ij}) + γ_{03} (region_{ij}) + γ_{04} (revenue volatility_{ij}) + μ_{0j}

The models of the influence of spiritual awakening and organizational spirituality on the motivations for earnings management are as follows:

Level 1: Motivations for earnings management_{ij} = $\beta_{0j} + \beta_{1j}$ (spiritual awakening_{ij}) + β_{2j} (age_{ij}) + β_{3j} (work history_{ij}) + β_{4j} (monthly income_{ij}) + γ_{ij}

Level 2: $\beta_{0j} = \gamma_{00} + \gamma_{01}$ (organizational spirituality_{ij}) + γ_{02} (craft_{ij}) + γ_{03} (region_{ij}) + γ_{04} (revenue volatility_{ij}) + μ_{0j} .

Table 5 shows the analysis results. The fixed effects of organizational spirituality on spiritual awakening are significantly positive ($\beta = 1.340$, $p < 0.001$), with a R^2 of 0.619. The β coefficient of spiritual awakening to the motivations for earnings management is -0.629 ($p < 0.001$); and that of organizational spirituality to the motivations for earnings management is -0.215 ,

($p < 0.001$), with a R^2 of 0.764. The test for intervening effects also supports the hypothesis ($F = 259.234$, $p < 0.001$).

Conclusions

There are many disputes and issues waiting for clarification with regard to the definition and scope of workplace spirituality. Driscoll and Wiebe (2007) suggested that authentic spirituality is much more important than technique spirituality, which can be inferred that "spirituality" is more important than "workplace" in the phrase of "spirituality at workplace." Based on literature review and focus group interviews, this study found that many studies on workplace spirituality ignore the essence and concepts of the workplaces. Therefore, this study adopted the perspectives of a Hierarchical Linear Model, and divided workplace spirituality into two aspects, which are spiritual awakening on the individual level, and organizational spirituality on the organizational level. The empirical analysis results confirmed that spiritual awakening and organizational spirituality are different constructs, and exist at different levels. Further analysis confirmed a negative correlation between workplace spirituality and earnings management. In other words, workplace spirituality can reduce the motivations for earnings management. In addition, the coefficient of spiritual awakening is significantly greater than that of organizational spirituality. This means that the motivations for earnings are more subject to the influence of spiritual awakening, which is consistent with the above-mentioned status of people as the center of economic activities. The empirical study also found that the spiritual awakening of individuals is highly subject to the influence of organizational spirituality, and spiritual awakening is an important intervening factor. This study did not find any similar conclusion from past literature. Undoubtedly, this is an encouraging result, and one of the major theoretic contributions of this paper.

According to results of background variables testing, it is worthy of note that, believers of different religions do not exhibit any significant variances in their perceptions of workplace spirituality. This result is consistent with Mitroff and Denton (1999), Claude and Zamor (2003), and Twigg and Parayitam (2006), that workplace spirituality is not necessarily related to religion.

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