DOES SPIRITUALITY BELONG TO ACCOUNTING? Insights from Morality, Relevance and Fairness Dogmas

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Abstract

Spirituality accounting is a novel concept that is gradually gaining a firm root in accounting literature. However, there is dearth of empirical evidence on whether spirituality belongs to accounting due to the fuzzy and obscured threads between spirituality and accounting. This paper investigated whether spirituality belongs to accounting. Drawing from the corollaries of prior studies, three spirituality dogmas - morality, relevance and fairness were employed. Questionnaire was administered via online survey to one hundred professional accountants and auditors in Nigeria; both descriptive (mean and standard deviation) and inferential (Lawley correlation) statistical techniques were employed. Our results found evidence that morality is the core spirituality accounting dogma. Nonetheless, we found a remarkable acumen, which contributes to knowledge on spirituality accounting movement that regardless morality being the core spiritual accounting dogmas as advocated by prior studies, relevance and fairness are also fundamental spirituality accounting dogmas. Our inferential result provides strong evidence that spirituality belongs to accounting. Thus, we recommend the integration of spiritual values as a course in the existing accounting curriculum; spiritual values should accentuate morality, relevance and fairness dogmas; this will help the future accountants develop core spiritual accounting values, aside existing ethical considerations in accounting curriculum.

Keywords: Accounting numbers, Fairness, Morality, Regulatory framework of accounting, Relevance and Spirituality; Spirituality accounting

Introduction

In recent times, accounting researchers have methodically ignored the relationship between spirituality and accounting arguing that spirituality has little or no vital place in accounting. Opposing this view, Hertz and Friedman (2015) argued that spirituality belongs to finance and accounting itinerary; owing to the fact that business transactions are usually premised on fairness and moral foundations, where stakeholders conceive that business transactions should conform to the spirit of 'golden rule'. The spirit of golden rule accentuates a spirit of morality, relevance of mutual benefit and fairness of business and economic transactions for all stakeholders. This according to Mainoma and Uwaleke (2015) buttresses why accounting practices must conform to moral rules, be fair and must have a reporting framework relevant to all stakeholders. Inferences from the motto of Rotary Club, "is it fair and does it serve the interest of all stakeholders; the Holy Bible in Luke 16:1-16: "parable of the cunning manager" and Matthew 6:21: "where our treasure is there our heart is" informed us of a sense of morality, fairness and high level of spiritual accountability.

Conceivably, morality, fairness and relevance dogmas are clear indications that firm management holds a spiritual level of accountability to all stakeholders. Spirituality dogma entails that management must not keep-hidden agendas, engage in secret businesses and must justify and rationalize their actions. Despite the tenets enshrined by the golden rule and spirituality dogma, there are pervasive accounting practices that promote hidden agenda as well as concealment that do not adhere to natural laws, thus divorcing the spiritual level of accountability that should be a primary concern of management to all stakeholders. Rather than firm management serving the interest of stakeholders, they absolutely mug them by inefficiently utilizing financial resources of wealth owners as well as engaging in unspiritual accounting practices that eventually becomes detrimental for shareholders.

More worrisome about the evolving threads of spirituality accounting is that both theoretical and empirical archetype are not widespread in accounting literature. The dearth of theoretical and empirical evidences, blurred and obscured threads between spirituality and accounting has undermined the speedy growth of the concept. Noteworthy is the fact that firms that are spiritual are deemed to perform better than those without (Gross & Holland, 2011; Karakas, 2010).

Alluding to the above, there is therefore the need for accounting researchers and regulatory framework of accounting to make clear, the vagueness in the relationship between spirituality and accounting. If this is the case, as this paper argues, then there is the need to assess whether spirituality belong to accounting. In this paper, we investigated the relationship between spirituality and accounting, drawing insights from morality, relevance and fairness dogmas.

Theoretical Framework

The theoretical framework of this study is premised on the stewardship theory. This theory suggests that there are individuals (agents) saddled with the responsibility of running the affairs of an entity where no agency cost exists between the principals (shareholders) and the agents (management). In light of this, the theory suggests that shareholders' interests are maximized by shared incumbency of these responsibilities (Al-Malkawi & Pillai, 2012) and in order to execute these responsibilities, it is perceptible for the agents to render accounts of stewardship to shareholders who have pooled their wealth together. Thus, doing so makes the agent to engage in spiritual practices such as rendering statement of financial accounts the way they appear in the books of accounts so that they conform to the spirit of 'golden rule'.

This view is linked with the fact that the spirit of golden rule emphasizes morality, relevance and fairness of stewardship role of the agent to the principal. Perhaps, this buttress why accounting practices is perceived to conform to moral rules, fairness and reporting timing of financial statements to all stakeholders. Conforming to the spirit of morality, fairness and relevance thus give evidence of management stewardship to the principal. Donaldson and Davis (1991) believe that the stewardship task effectively isolates values belonging to the firm from those belonging to the parties so as to enable it ascertain the true and fair position of the entity at a given period.

Review of Related Literature

What is Spirituality?

The term 'spirituality' has been defined extensively in literature; although attempt has been made to delineate spirituality from religion. Spirituality advocates claimed that stakeholders can be spiritual and yet not affiliated to any religious group. Impliedly, spirituality tends to be a more personal and individualistic trait (Hertz & Friedman, 2015), where stakeholders do not always emphasize self (Pandey & Gupta, 2008). A vital fragment of spirituality is the perception that life has a greater purpose than one does.

Spirituality according to Zinnbauer, Pargament and Scott (1999), refers to a sense of sacredness devoid of institutional practices and/or limitations that are linked with traditional religion. In addition, spirituality refers to the desire of stakeholders to overcome egotistical self so as to build a moral sense of belongingness. Spirituality has a direct allusion to morality and fairness, given the fact that spiritual expedition is directed towards the ultimate concern of life (Hertz & Friedman, 2015).

As observed by Kriger and Hanson (1999); Giacalone and Jurkiewicz (2003); Reave (2005), spirituality consists of morality, fairness, truth and relevant practices that are void of harming firms. Hertz and Friedman (2015) opined that firms that are unspiritual maximize their own pleasures and minimize their pains (with the axioms that all that matters are fame, money and power). Thus, spirituality provides stakeholder with a sense of moral values and fairness making sure that the application of accounting principles is relevant and without bias.

Spirituality and Accounting: Is There a Connection?

The dearth of use of spirituality accounting makes it cumbersome to unearth a distinctive and universal definition of the concept. Moreover, the lack of use of spirituality accounting unbolts the door for researchers to devise their own definitions. Spirituality accounting emerged in the accounting literature prior to the documentations of Mitroff and Denton (1999); Pandey and Gupta (2008); Ekasari (2012); and more recently, Hertz and Friedman (2015). There is therefore a growing body of robust empirical evidence that spirituality belongs to accounting and that organizations with high spiritual values are probable to perform better than those without (Gross & Holland, 2011; Karakas, 2010).

Spirituality accounting refers to reflective practices of management void of harm but capable of bolstering honesty, integrity, truthfulness and fairness in reporting framework of disclosing relevant accounting information to all stakeholders. Spirituality accounting thus daunt management that brings firms into misrepresentation and falsification of financial statements. One of the rationales according to Hertz and Friedman (2015) for overlooking the centrality and import of whether spirituality belongs to accounting is that we tend to confuse spirituality for religiosity.

While spirituality accounting may be perceived as been cumbersome to attain, some guidance is provided in this paper. The underlying philosophy of this paper therefore is that the integration of spirituality into accounting brings the possibility of equating morality, fairness and relevance in disclosing accounting numbers; thus, spirituality belongs to accounting just as having ‘spiritual accountants’. Ekasari (2012) suggests that spirituality accounting embraces morality, accountability, objectivity, trust, fairness, independence, equality, relevance; however, morality and fairness are envisaged as the most fundamental spirituality value in accounting practices. Consequently, in this paper, we examined three dogmas of spirituality accounting - morality, fairness and relevance.

Morality, Relevance and Fairness Dogma

The view that several chief executives succumb to pressure to heighten short-term earnings at the detriment of long-term value creation (Hertz & Friedman, 2015) due to the objective of maximizing shareholder’s wealth, inform us of a sense of morality, fairness and relevance of accounting reporting framework for organizations. Usually organizations draw insights from morality, relevance and fairness dogmas in order to sustain a high level of spirituality in reporting accounting numbers.

Morality according to McGhee and Grant (2008) is all about ethical behaviours, principles, integrity, honesty or virtues that are capable of driving organizational success; relevance in accounting emphasizes accounting principles that improves the value of a firm, and fairness implies dealing with accounting numbers impartially. In accounting, morality, relevance and fairness bring about transparency and accountability in reporting framework by ensuring that elements of financial statements or accounting metrics (revenues, expenses, liabilities, and assets/equities) are honestly, truly and fairly disclosed the way they appear in the books and accounts of organizations (Ekasari, 2012; Hertz & Friedman, 2015).

Perhaps, the morality, relevance and fairness dogmas may have spurred the bulk of empirical evidence on exceedingly contemporary fields of accounting, because management no longer exercises a high sense of spirituality in disclosing accounting numbers (Ekasari, 2012). The absence of spirituality in accounting makes management engage in immoral act by applying irrelevant accounting frameworks in adjusting accounting numbers of firms.

Pioneering Studies

In this paper, the empirical studies are those connected with the pioneering works of Hertz and Friedman (2015); Ekasari (2012); Pandey and Gupta (2008); Mitroff and Denton (1999) on spirituality accounting. Hertz and Friedman (2015) assessed the nexus between spirituality and accounting and found reasonable evidence that integrating spirituality in accounting makes organization a better place for all stakeholders, as they are able to achieve unadulterated profitability.

Similarly, Ekasari (2012) assessed spirituality accounting from the framework of the International Accounting Standards Boards (IASBs). The study found that accounting itself has spiritual core values such as honesty, fairness, trust, objectivity, equality, accountability, responsibility, and humility. Impliedly, spirituality accounting could dampen the greed of management in order to maximize shareholder’s wealth.

Pandey and Gupta (2008) provide robust empirical evidence that firms with spiritual accounting values will outperform those without one. This is similar with the findings of Mitroff and Denton (1999) suggesting that firms with spiritual accounting values are more productive and innovative than others. Relying on the pioneering studies on spirituality accounting, there is reasonable evidence that spirituality may perhaps, belong to accounting. Moreover, given the need to expand literature on spirituality accounting this paper seeks to draw insights from morality, relevance and fairness dogmas to establish whether spirituality belongs to accounting and fill the dearth of empirical evidence on the research subject.

Research Methods

In this paper, the survey design was utilized through administration of questionnaire to one hundred (100) professional accountants and auditors in Nigeria. The administration of the research instrument was carried out via online survey, due to the Covid-19 pandemic restricting face-to-face acquaintance with people. The sample comprised of forty-three (43) auditors and fifty-seven (57) professional accountants of both public and private firms. The research instrument was designed on a 5-point Likert scale of strongly agree (SA), agree (A), undecided (UD), disagree (D) and strongly disagree (SD) and the Cronbach alpha reliability test of internal consistency of the instrument yielded a reliability index of 0.82. The Cronbach alpha coefficient exceeded the 0.70 cut-off (Cronbach, 2004), indicating that the research instrument is a good indicator for assessing whether spirituality belongs to accounting.

In order to assess whether spirituality belongs to accounting, the research instrument was poised on three (3) spirituality dogmas such as morality, relevance and fairness. These spirituality dogmas relate to those used by prior researches like Friedman (2015); Ekasari (2012); Pandey and Gupta (2008); and Mitroff and Denton (1999). The study used descriptive (mean and standard deviation) and inferential (Lawley correlation) statistical techniques in analyzing the extent of nexus between spirituality and accounting. Also, the statistical analysis was carried out via Microsoft Excel and STATA 13.0.

Results and Discussions

Presented in Table 1 are the demographic characteristics of one hundred (100) respondents who are auditor and professional accountants of both public and private firms in Nigeria. The result showed that 62.0% of the respondents are males while 38.0% are females. On the marital status of respondents, it was shown that 31.0% and 69.0% are single and married respectively. The table revealed that 37.0% and 44.0% of the respondents are within the age brackets of 18-25years and 26-33years respectively while only 10.0% and 9.0% are within age brackets of 34-41years and 42years and above.

Table 1: Demographic Characteristics of Respondents

Ranks	Items	Respondents	Frequency N=100	Percent (%)
1	Gender	Male	62	62.0%
		Female	38	38.0%
		Total	**100**	**100.0%**
2	Marital Status	Single	31	31.0%
		Married	69	69.0%
		Total	**100**	**100.0%**
3	Age	18-25years	37	37.0%
		26-33years	44	44.0%
		34-41years	10	10.0%
		42years & above	9	9.0%
		Total	**100**	**100.0%**
4	Qualifications of Respondents	B.Sc./HND	28	28.0%
		M.Sc./MBA	7	7.0%
		ICAN/ANAN	57	57.0%
		Others	8	8.0%
		Total	**100**	**100.0%**
5	Category of Respondents	Auditors	43	43.0%
		Professional Accountants	57	57.0%
		Total	**100**	**100.0%**

Source: Field Survey, 2020

On the level of qualifications, it was observed that 28.0% and 7.0% had obtained B.Sc./HND and M.Sc./MBA degrees respectively while majority of the respondents representing 57.0% had obtained professional qualifications like ICAN and ANAN; this clearly shows that majority of the respondents would exhibit a high level of spirituality due to their professional background.

Table 2: Descriptive Statistics of the Study Variables

Variables	Obs.	Mean	Std. Dev.
Morality	100	3.892	.5934
Relevance	100	3.819	.7341
Fairness	100	3.805	.6871
Accounting	100	3.729	.7640

Source: Field Survey, 2020 ***(Mean Deviation = 0.0885)***

Presented in Table 2 is the descriptive result of the spirituality measures (morality, relevance and fairness) and accounting to assess the extent to which spirituality belongs to accounting. At a glance, the highest mean score of the spiritualty dogma was recorded in morality (3.892), followed by relevance (3.819) and fairness (3.805). This implies that the respondents are of the view that morality should be the core spiritual accounting dogma for firms.

This result conforms to the views of Ekasari (2012); Hertz and Friedman (2015) that amid the spiritual accounting dogmas, morality is the most vital. Notwithstanding the views of pioneering works on spirituality accounting, the descriptive result reveals an intriguing insight that relevance and fairness are also vital spiritual accounting dogmas. Moreover, the views of the respondents on whether spirituality belongs to accounting are not far from each other as indicated by the mean deviation (0.0885).

Table 3: Lawley's Correlation Statistics of the Study Variables

Variables	Obs.	Lawley chi2(44)	Prob > chi2
Morality	100	133.83	0.0000
Relevance	100	129.46	0.0000
Fairness	100	122.77	0.0000

Source: Field Survey, 2020

Presented in Table 3 is the Lawley correlation of the nexus between spirituality dogmas (morality, relevance and fairness) and accounting. Based on the Lawley statistics of the spirituality accounting dogmas (*morality*: chi2=133.83 > Prob. =0.0000), (*relevance*: chi2=129.46 > Prob. =0.0000), and (*fairness*: chi2=122.77 > Prob. =0.0000), there is nexus between spirituality and accounting; hence, there is strong evidence to say that spirituality belongs to accounting. The study's result corroborates with empirical findings of Hertz and Friedman (2015); Ekasari (2012); Pandey and Gupta (2008); Mitroff and Denton (1999). These studies found reasonable evidences that integrating spirituality in accounting could make firms a better place for all stakeholders; dampen management's greed, make firms able to outperform, become more productive and innovative than those without spiritual accounting values.

Conclusion

There is dearth of empirical evidences on whether spirituality belongs to accounting due to the fuzzy and obscured threads between spirituality and accounting. In view of this, there is thus the need for accounting researchers and regulatory framework of accounting to make clear, the vagueness in the nexus between spirituality and accounting by advocating whether spirituality belongs to accounting. Consequently, this paper used three spirituality dogmas namely, morality, relevance and fairness employed by prior researchers to establish whether spirituality should be desegregated in accounting. Questionnaire was the major instrument of data collection administered to both professional accountants and auditors in Nigeria. Building on pioneering works of spirituality accounting, our study found evidence that morality should be the core spiritual accounting dogma.

Nevertheless, we found an interesting revelation, which contributes to knowledge on spirituality accounting literature that regardless morality being the core spiritual accounting dogmas as advocated by prior studies, relevance and fairness are also fundamental spiritual accounting dogmas. Furthermore, our inferential result showed that there is a nexus between spirituality and accounting; hence, a strong evidence to assert that spirituality belongs to accounting. Precisely, this paper argues that morality, relevance and fairness should be the spirituality accounting values for management of organizations, accounting practitioners, the regulatory frameworks of accounting and accounting researchers alike. In general, the empirical result will trigger a thrilling movement toward a new age in accounting education, divulging why the accountancy profession ought not to disregard the reality of integrating spirituality in accounting.

Recommendations

In view of the findings of the study, the following recommendations were proffered:

i. That spiritual values as a course should be integrated in the existing accounting curriculum and the spiritual values are to emphasize morality, relevance and fairness dogmas; this will help the future accountants develop core spiritual accounting values, aside the existing ethical considerations in accounting curriculum. In fact, the integration of spiritual values into accounting curriculum will help future accountants focus not only on utility maximization but also on realizing profitability without losing glimpse of spiritual values.

ii. The point is that the accountancy profession should imbibe core spiritual values in its reporting framework or practices. Integrating core spiritual values in accounting practices will further discourage the use of accounting gimmicks in the preparation and presentation of financial statements of corporations.

iii. Future empirical studies should be carried out on the research subject; this will help steer the discussion on whether spirituality belongs to accounting.

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