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THE PUBLIC RELATIONS STRATEGIES OF PUBLIC ACCOUNTING FIRMS: AN
ANALYSIS OF ACCOUNTING FIRMS' WEBSITE CONTENT SURROUNDING
THE ENRON SCANDAL

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ABSTRACT

In 2001, the Enron Corporation declared the largest bankruptcy at that time. Beyond its significant financial impact on Enron's many stakeholders, Enron's bankruptcy represented a defining moment in the professional accounting field. The bankruptcy was the product of years of fraudulent financial reporting that developed and persisted despite various audits performed by a prominent accounting firm, Arthur Andersen.

Prior to the Enron scandal, the corporate environment was characterized by intense competition and profit motives. As a result, accounting firms faced substantial pressure to satisfy their client's desire for revenue growth in order to maintain and increase stock prices. In addition, accounting firms placed greater emphasis on consulting services that provided higher profit margins than on audits. The increase in consulting placed additional pressure on accounting firms to satisfy their clients in audits in order to retain their consulting business. After Enron, the integrity and professionalism of the accounting profession was questioned. Confidence in both accounting firms and their corporate clients declined significantly. In addition, legislation resulting from the Enron scandal emphasized ethical accounting practices and transparency in financial reporting.

The credibility of a service firm, including accounting firms, is imperative to acquiring and maintaining clients. The significant change in the accounting environment before and after the Enron scandal and the subsequent erosion of confidence in the accounting profession raise the question of the reactions of individual accounting firms throughout the period.

This thesis examines accounting firm websites in the years before and after the Enron scandal in order to evaluate their reactions to the changing professional environment. As a result of a content analysis, this thesis finds a significant change in the content of accounting firm

websites after the Enron scandal. A quantitative increase in language associated with ethical concepts in relation to language connected to performance is found. In addition, a qualitative shift in language that focuses on ethics is explored.

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Chapter 1

Introduction

“The accounting profession, like most professions, engages in creating, managing and, if necessary, defending its reputation” (Dillard, Rogers, & Yuthas, 2005, p. 159). In the early 2000s, the accounting profession faced a significant threat to its reputation following the Enron scandal and various other accounting scandals. In addition to declining reputations, accounting firms experienced significant increases in government regulations after the passage of the Sarbanes- Oxley Act in July, 2002.

Many studies have examined the efforts of accounting firms to comply with post-Enron regulations; however, little has been done to observe the firms’ reactions to public scrutiny of the profession as a whole. The purpose of this paper is to examine the public relations efforts of public accounting firms surrounding the Enron scandal. First, the importance of websites as a marketing tool and the accounting environment before and after Enron will be explained. Then, a description of the method utilized in this study will be provided. Finally, the paper will conclude with a discussion of the results of the analysis and implications for future research.

Websites as a Marketing Tool for Accounting Firms

Websites are a prominent marketing tool and are utilized by various businesses in many industries. According to Garen (2007), “the widespread influence of the Internet has transformed how all professionals attract new business and retain current clients” (p.13). Service firms, including accounting firms, use their websites to provide detailed information about their services and to build their company image (Dou & Krishnamurthy, 2007). Surveys given to various CPA firms reveal that “CPAs believe the image of their firm is the most important reason for keeping their website” (Elfrink, 2002, p. 71). In addition, Louwers, Pasewark, and Typpo

(1999) state that websites are “an opportunity for a firm to establish and reinforce their professional identity” (p. 69). These findings prove that the primary purpose of accounting firm websites is to build company image and professional identity.

The focus on image in service firm websites reflects the needs and wants of their customers. Hagemann, Peek, Peek, and Roxas (2000) explain that “the credibility or reputation of the firm is the likely deciding factor for clients in purchasing a service product” (598). The United States General Accounting Office notes that: “since audit quality is difficult to observe, CEOs view auditor reputation as a signal of quality and they regard reputation for audit services as an important determinant of their decision to switch auditors” (as cited in Dunne, Falk, Forker & Powell, 2008, p. 1052). This fact not only reinforces the need for accounting firms to maintain a positive image, it heightens the importance of the accounting firm website and its primary purpose.

Accounting Environment Before the Enron Scandal

Diversification of Accounting Firms

Beginning in the 1960s, non-audit services began to have an increasing impact on accounting firms’ revenue streams (Wyatt, 2004, p. 46). This influence grew intensely during the 1980s and 1990s. Arthur Levitt, former head of the U.S. Securities and Exchange Commission (SEC), found that “Audit's share of big firm revenues continued to decline to a level of 31 percent in 1998 from a level of 70 percent in 1976” (as cited in Boyd, 2004, p. 384). The shift away from audits was reflected in quantitative changes in revenue streams and in the attitudes of accounting firms. In 1998, David W. Smith, Chair of PricewaterhouseCoopers Canada, stated:

We will truly be a breakaway firm when our clients think of us as a professional services firm, not an accounting firm. We want them to think of us as always being able to

provide them with assistance with virtually any business or industry issue they face (as cited in Boyd, 2004, p. 384).

The decline in audit's share of firm revenues was not due to a drop in audit activity, it was due to the large growth rate and high profit-margins of non-audit services, especially consulting (Boyd, 2004; Wyatt, 2004). "The Accounting Review showed that the consulting practices of the Big Five accountants brought in three times as much revenue as auditing in the 1990s" (Byrne, 2002, p. 53). The potential conflict of interest involved in providing audit and consulting services to the same firm was ignored by top management (Wyatt, 2004). However, Levitt stated that: "More and more, it became clear that that the auditors did not want to do anything to rock the boat with clients, potentially jeopardizing their chief source of income" (as cited in Boyd, 2004, p. 386). In addition, this situation often resulted in the Big Five firms auditing their own work (Byrne, 2002). The emphasis on non-audit services during the 1990s had a strong influence on the ethical nature of accounting firms. Performance objectives superseded ethical values, including objectivity and independence.

Accounting Firm Focus on Performance

Prior to the Enron scandal, the corporate and accounting world focused on performance, profits, and stock price. At that time, a decline in stock price was unacceptable in the business environment. As a result, companies faced immense pressure to meet performance targets, particularly those concerned with profits, in order to maintain the stock price. Jenkins (2003) states that "the mantra of the 90s was that companies had to produce ever-increasing profits in shorter and shorter timeframes" (p. 7). The historical purpose of a CPA firm, "adding credibility to financial statements by clean audit opinion," was replaced by "a focus on an ever-expanding range of services offered to a client-pool fighting to achieve the short-term earnings per share

growth expected of them in the marketplace” (Wyatt, 2004, p. 48).

The need for clients to report profits placed pressure on the accounting firms to produce strong financial statements. Rockness and Rockness (2005) state that “Andersen [Enron’s accounting firm] had placed great emphasis on growth with evidence suggesting that client satisfaction and growth may have been more important than ethical financial reporting” (p. 42). In the pre-Enron environment, client satisfaction meant profit, despite any unethical violations of accounting procedures. Wyatt (2004) states that “security analysts were pressuring clients to show growth, and these clients too often leaned unduly on their auditors to accelerate revenue recognition and to delay expense recognition” (p. 48). The situation that existed was an accumulation of greed; security analysts pushed clients to show growth in order to increase stock prices, clients pushed accountants to show profits and clean audit opinions, and accountants obliged the clients in order to maintain their revenues.

While client share prices soared in the market, along with executive salaries, “accounting firm partners felt entitled to participate in the economic boom by achieving increased earnings in their firms” (Wyatt, 2004, p. 48). Accounting firms are set up as partnerships; therefore, accounting executives cannot use stock options like the executives in their client corporations. This placed additional pressure on the need to produce profits within the accounting firms. The long-held beliefs of Arthur Andersen, known as the four cornerstones, “were to provide good client service, produce quality audits, manage staff well, and produce profits” (Byrne, 2002, p. 53). However, many partners referred to the four cornerstones as “three pebbles and a boulder” (Byrne, 2002, p. 53). Barbara Lay Toffler, a former Andersen partner, stated that: “Quality wasn’t discussed. Content wasn’t discussed. Everything was measured in terms of the buck” (as cited in Byrne, 2002, p. 53).

The focus on profits in both the accounting firms and their corporate clients generated a situation in which quality and ethics fell behind performance in the business environment. As clients gained success in the stock market, accounting firms desired that success for themselves. As a result, accounting firms abandoned audits for higher margin services, such as consulting. Frequently, these consulting services generated conflicts of interest and lack of independence in relation to audit clients. As clients pushed for reporting of increased profit in addition to clean audit opinions, accounting firms felt pressure to comply with their demands in order to retain revenues. This environment sent accounting firms down a slippery slope to fraud and unethical accounting practices, leading to the Enron scandal.

The Enron Scandal

The Enron scandal “will most likely go down in history as not only one of the most spectacular financial failures, but also as a turning point in professional accounting regulation and corporate financial reporting” (Rockness & Rockness, 2005, p. 35). The Enron scandal consisted of improper accounting and business practices and financial statement fraud that ultimately led up to the company’s bankruptcy in December of 2001. Enron’s bankruptcy was the largest bankruptcy in history at that time, exceeding \$60 billion. Included in the accounting fraud were

approximately 3000 non-consolidated special purpose entities created to move debt off the balance sheet, complicated hedge and derivative transactions improperly accounted for, related party transactions improperly disclosed (or not disclosed at all), and the accounting for the sale of Enron’s stock for notes receivable was questionable (Rockness & Rockness, 2005, p. 38).

Arthur Andersen, LLP, Enron’s accounting firm, performed both internal and external

audits for the company. In addition to failing to detect, correct, and communicate problems with Enron's accounting practices, Andersen admitted to shredding thousands of documents related to Enron from the period of 1997 to 2000. As a result of the scandal, Arthur Andersen paid \$40 million in a shareholder lawsuit and was convicted of obstruction of justice (Rockness & Rockness, 2005, p. 41). Consequently, the firm was dissolved.

News of Enron's collapse and the subsequent scrutiny and fall of Arthur Andersen was not limited to the accounting and business worlds. Stories revolving around the scandal, its cause, and potential reform were featured in daily newspapers, nightly newscasts, and 24-hour news channels (Williams, 2008). Essentially, "the collapse of Enron...precipitated a veritable explosion of discussion, commentary, and debate..." (Williams, 2008, p. 472). Average individuals across the world were shocked by the scandal and its widespread effect (Argenti, 2009). As news of the scandal spread, public trust of both corporations and accounting firms entered a rapid decline.

Accounting Environment Post-Enron

Corporate and Accounting Firm Reputations

After Enron, corporations and accounting firms faced public scrutiny and diminishing reputations. Dillard and Yuthas (2005) state: "in light of the audit failures surrounding the Enron collapse and the disintegration of Arthur Andersen, the accounting profession suffered a significant and legitimate threat to its reputation as an independent and unbiased servant of the public interest" (p. 162). Scrutiny of the accounting profession came from the public, the media, and legislators. In 2002, William Thomas stated: "critics in the media, Congress and elsewhere are calling into question not only the adequacy of U.S. disclosure practices but also the integrity of the independent audit process" (p. 44). Dunne, Falk, Forker, and Powell (2008) found that

earnings response coefficient point estimates were lower across auditors after Enron, “indicating a systemic decline in auditor reputation” (p. 1052). The decline in auditor reputations had a direct effect on the clients of accounting firms. Barton (2005) provides evidence for demand of auditor reputation from defecting Arthur Andersen clients after Enron. Barton notes that the short duration between the Enron scandal and Arthur Andersen’s collapse indicates “that client defections most likely reflected the auditor’s loss of reputation rather than changes in clients’ operating, investing, and financing activities” (p. 580). By analyzing client choice of a successor auditor after leaving Arthur Andersen, Barton found that clients, especially those highly visible in capital markets, were sensitive to auditor reputation. In addition, a poll given in 2003 found that 54 percent of Americans had low or very low confidence in the honesty and integrity of CEOs and CFOs (Jenkins, 2003). In 2002, 79 percent of respondents to a *BusinessWeek*/Harris survey believed that “most corporate executives put their own personal interests ahead of employees and shareholders” (Yankelovich, 2006, p. 24).

The lack of confidence in corporations after Enron was reflected in the responses of United States CEOs in the 2002 Corporate Reputation Watch survey. The survey indicates that CEOs felt reputation was fundamental to their company’s survival (Laurence, 2004). In addition, the CEOs surveyed felt that corporate governance, ethical values, and financial transparency were the most important aspects of corporate social responsibility. This study provides further indication of a transition in the focus of corporations and accounting firms after Enron from their performance to their reputations.

The Sarbanes-Oxley Act of 2002

In addition to the public threat to their reputations, corporations and accounting firms received increased legislative pressure after the Enron scandal. The most significant piece of

legislation passed during this period was the Sarbanes-Oxley Act of 2002 (SOX). “Sarbanes primary focus is on regulating corporate conduct in an attempt to promote ethical behavior and prevent fraudulent financial reporting...” (Rockness & Rockness, 2005, p. 44). The legislation places strict requirements on the composition, responsibilities, and actions of corporate audit committees and boards of directors. In addition, Sarbanes Oxley raises the responsibility of senior management, specifically the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), in the quality of financial reporting. Under SOX, “both the CEO and CFO must sign and certify personally that the company’s financial report does not contain any known untrue material statement(s) or omit material fact(s)” (Rockness & Rockness, 2005, p. 45). SOX also places responsibility for the design and implementation of effective internal controls on company management and increases financial disclosure requirements. Violations of Sarbanes-Oxley regulations could result in substantial fines and/or prison sentences.

Beyond the regulations pertaining to corporate management, Sarbanes-Oxley has significant implications for the accounting profession. The first section of SOX creates the Public Accounting Oversight Board (PCAOB). Prior to the legislation, the accounting profession was self-regulated by the American Institute of Certified Public Accountants (AICPA). The PCAOB was designed to provide external, independent regulation on the profession, specifically to accountants that work with publicly-traded corporations. The PCAOB sets auditing standards, conducts inspections of CPA firms, sets an ethical tone for the profession, and is responsible for disciplinary action (Rockness & Rockness, 2005). Significant auditing standards promulgated by the PCAOB address auditor independence and conflict of interest. Auditors are prohibited from performing certain non-audit services for their audit clients and from being employed by an audit client in certain management positions within one year of the audit. Also, lead and reviewing

partners for audits are required to rotate every five years.

In 2003, the PCAOB Chairman, William McDonough, addressed the PCAOB's ethical expectations for the accounting profession in the following statement:

I expect that you, as members of a regulated profession, know what the rules are. I expect that you are following those rules, both in the letter and in their spirit. If you depart from those expectations – that is, if you break the rules, if you ignore the spirit of the law even while meeting the letter – woe be unto you. There will be consequences, and they will be grave. (as cited in Rockness & Rockness, 2005, p. 46).

Considering the enormous changes in the public, professional, and regulatory environments of accounting firms after the Enron scandal, it seems logical that these changes would be reflected in their public relations strategies. As an important marketing tool with a primary purpose of developing and maintaining company image, accounting firm websites exist as a source of insight into any alterations in public relations strategies after Enron.

Hypotheses

In this study, the following hypotheses will be explored:

H1: Before Enron, the content of accounting firm websites focused on performance and growth.

H2: After Enron, the content of accounting firm websites focused on ethics, social responsibility, and proper accounting practices.

Chapter 2

Methodology

Subject Matter and Data Collection

For this study, the websites of two large accounting firms were analyzed at two points in time. The selected accounting firms are Ernst & Young (www.ey.com) and Moss Adams (www.mossadams.com). The selection of the aforementioned firms was a function of the availability of website content in the Internet Archive and comparability in terms of firm size (*See Limitations*). The years in which the websites were analyzed are 1999 and 2003. The websites were selected from a similar date each year.

Specifically, the websites were analyzed at the following dates:

1. Moss Adams
 - a. April 23, 1999
 - b. April 25, 2003
2. Ernst & Young
 - a. April 22, 1999
 - b. April 23, 2003

Copies of historical websites were retrieved from the Internet Archive. The Internet Archive is a 501(c)(3) non-profit that is building a digital library of Internet sites and other cultural artifacts. Within the Internet Archive, websites can be viewed in their original form and links can be followed. These capabilities enable thorough analysis of websites for this study.

Measurement Instrument

The method of this study is a content analysis. Content analysis is a quantitative methodology that allows the researcher to determine the explicit content of written, spoken, or published communication (Berger, 2000). It allows the researcher to perform a quantitative analysis on qualitative material by counting frequencies of units of language. In this study, the content analysis serves to provide information about two aspects of the website content: language and presentation of information. First, the website content was coded between two categories: performance and ethics language.

Performance language was defined as language pertaining to the execution or accomplishment of work or acts and the manner of said functions. For the purposes of this study, language pertaining solely to an action and not the manner of said action is considered neutral and is not coded as performance language. For example, a sentence such as “We perform audits” is not considered performance language. However, a sentence such as “Our purpose is to provide noticeably superior, value-added service to our clients” is considered performance language because it not only addresses the action, but it addresses the manner of the action. Ethics language was defined as language pertaining to moral principles or values relating to human conduct, including actions, motives for actions, and consequences of actions. For example, a sentence like “We treat people with respect” is considered ethics language. Coding between performance and ethical discourse is a quantitative portion of the study. Information was coded based on units referred to as “utterances.” For the purpose of this thesis, an “utterance” will be defined as a word or a group of words pertaining to a specific idea, not to exceed one sentence.

In addition to quantifying performance and ethics utterances, the number of paragraphs of

text were counted and recorded for each page. Paragraphs were divided into two categories: content and information. Content paragraphs are defined as paragraphs containing actual subject matter relevant to the firm and its services. Information paragraphs are defined as paragraphs containing contact information, internal links, search boxes and any other matter that lacks substance and is irrelevant to this study.

Reliability of the coding was tested by having seven independent individuals code a selected sample of website content. The selected sample included: the “About Moss Adams” page from the Moss Adams 1999 website, the “About Us” page from the Moss Adams 2003 website, the “Your Career with Moss Adams” page from the Moss Adams 1999 website, the “About Us” page from the 2003 Ernst & Young website, and the “Our Values” page from the 2003 Ernst & Young website. The result of the survey was an 80.22% agreement between the principal researcher and volunteer raters. This level of agreement is considered to be excellent beyond chance and is generally acceptable (Banerjee et al., 1999; Lombard et al., 2002). A sample of the coding survey can be found in Appendix A.

In addition to the coding of language on the website, the presentation of information was considered. The review of presentation of information included an analysis of the use of images and information presented on specific pages. A coding system was not used for this portion of the analysis. Instead, the presentation of information was noted throughout the coding process by indicating the page subject and any notable images or information located on that page. The analysis of presentation of information was consistent with grounded theory, which is the discovery of theory from data (Glaser & Strauss, 1967).

Chapter 3

Results

Quantitative Results

The quantitative results of the content analysis of each website are shown in the following tables:

Table 3.1: Coding Results: Moss Adams, 1999

<u>Page</u>	<i>Paragraphs</i>		<i>Utterances</i>	
	<u>Content</u>	<u>Information</u>	<u>Performance</u>	<u>Ethics</u>
Home	1	1	2	0
About Moss Adams	2	3	6	0
Moore's Rowland International	4	3	3	0
Guestbook	0*	Info. Pg.*	0	0
Locations	0*	Info. Pg.*	0	0
Client Services – Home	2	2	2	1
Client Services - Tax, Financial, and Business Information	8	8	9	3
Client Services - Advisory Services	31	13	32	3
Client Services – Specialists	16	11	12	1
Client Services - Industry Experts	29	22	39	3
Career Opportunities – Home	1	3	2	0
Career Opportunities - College Recruiting	1	2	0	0
Career Opportunities - How to Apply	0*	Info. Pg.*	0	0
Career Opportunities – Internships	3	2	0	0
Career Opportunities – Colleges	1	List of colleges	0	0
Career Opportunities - Your Career with Moss Adams	5	2	5	8
Career Opportunities - Experienced Staff	1	2	1	1
Career Opportunities - Current Openings	0*	Info. Pg.*	0	0
Career Opportunities - Job Descriptions	9	0	0	0
News & Events	0*	Info. Pg.*	0	0
News & Events – Newsletters	12	2	2	1
News & Events – Events	1	3	0	0
Links	10	1	0	0
Total	137		115	21
*Indicates that the page consisted entirely of contact information, links, search boxes, and/or other material that lacks content relevant for this study.				

The data in Table 3.1 illustrates an extensive use of performance language in relation to ethics language by Moss Adams in 1999. At this time, performance language comprised 84.6% of the language coded, the remaining 15.4% being coded as ethics language.

Table 3.2: Coding Results: Moss Adams, 2003

Page	Paragraphs		Utterances	
	Content	Information	Performance	Ethics
Home	5	1	1	1
About Us	6	1	4	0
About Us – Affiliates	6	3	3	2
About Us- Community Involvement	5	2	0	9
About Us- Employee Community Action	8	1	0	6
About Us- Firm Values	4	1	3	8
Moore's Rowland International	4	6	2	0
News and Press Releases	32	3	7	4
Strategic Partners	8	3	3	1
Careers	5	1	1	1
Careers - Current Openings	2	4	0	1
Careers: Experienced Home Page	9	1	9	7
Careers - Experienced – Benefits	9	1	1	2
Careers - Experienced – FAQ	6	1	2	6
Careers - Experienced – Training	9	1	2	8
Careers - Experienced - "What our personnel are saying?"	4	1	5	6
Careers - College/Entry Level	7	1	7	7
Careers – Application	0*	Info. Pg*	0	0
Careers - College/Entry Level - FAQ	9	2	0	0
Careers - College/Entry Level - Training	9	1	1	6
Publications	18	3	0	0
Services - Assurance Services	5	1	2	3
Services - Consulting Services	7	2	2	2
Services - Tax Services	8	2	2	1
Services - Tax Services - Estate Planning	3	1	4	8
Industries – Construction	7	1	5	1
Industries - Dealer Services	6	1	4	0
Industries - Financial Institutions	5	1	2	2
Industries - Food Processing and Agriculture	6	1	2	2
Industries - Forest Products	6	1	7	3
Industries - Health Care	5	2	3	2
Industries – Hospitality	4	2	1	0
Industries - Manufacturing and Distribution	7	2	5	2
Industries - Not for Profit and Government	6	2	6	5
Industries - Securities and Insurance	5	2	2	1
Industries - High Technology	4	1	1	1
Industries - Telecom and Energy	4	1	2	1
Total	253		101	109
*Indicates that the page consisted entirely of contact information, links, search boxes, and/or other material that lacks content relevant for this study.				

The data in Table 3.2 illustrates Moss Adams' use of performance and ethics language in the post-Enron period (2003). A substantial change in the ratio of performance to ethics language

occurred in this period. At this time, performance language accounted for 48.1% of the language coded and ethics language comprised 51.9%. These results indicate a 237.0% increase in the usage of ethics language on Moss Adams' website after Enron.

Table 3.3: Coding Results: Ernst & Young, 1999

<u>Page</u>	<i>Paragraphs</i>		<i>Utterances</i>	
	<u>Content</u>	<u>Information</u>	<u>Performance</u>	<u>Ethics</u>
Home	10	4	6	1
About Us	15	2	10	4
About Us – Timeline	5	2	1	0
About Us - Firm Overview - Who we Are	3	2	8	2
About Us - Firm Overview - What we Do	19	2	21	0
About Us – Locations	0*	Info. Pg.*	0	0
About Us – Worldwide	6	2	8	0
About Us - E&Y Foundation	13	2	5	8
Update Registry	0*	Info. Pg.*	0	0
Our People	10	4	7	9
People – Empowerment	5	2	7	4
People - Life Balance	12	2	4	6
Careers - Family Friendly Policies	10	2	2	0
Careers- Support Services	7	2	0	1
People – Diversity	6	2	4	4
People - Perspective on Diversity	8	2	4	3
Careers - Office of Minority Recruiting and Retention	14	4	0	3
Careers -The National Office for Retention	7	2	4	1
People - Outreach – Diversity	8	2	3	4
Careers - Testimonials – Diversity	13	2	2	0
People - Minority Organizations	1	23 links	0	2
People – Citizenship	6	2	1	4
People - Close – up	11	2	0	0
Careers	14	4	12	5
Search for Current Job Opportunities	3	3	7	1
Careers - Find your Path	4	2	6	1
Careers - Assurance and Advisory	3	6	6	0
Career Paths - Assurance and Advisory	2	2	1	0
Who we hire - Assurance and Advisory	1	2	1	0
Learning Programs - Assurance and Advisory	2	2	2	0
Careers - Assurance and Advisory - Performance Evaluation	1	2	2	0
Careers - Assurance and Advisory - Success Story	2	2	1	0
Careers – Actuary	2	3	0	0
Careers - Global Client Consulting	13	4	5	0
Careers - Entrepreneurial Services	3	4	6	0
Careers – Testimonials	22	2	8	4
Careers - Financial Advisory Services	3	5	6	0
Career Path - Financial Advisory Services	1	2	0	0

Who We Hire - Financial Advisory Services	1	2	1	0
Testimonial - Financial Advisory Services	1	2	1	0
Learning Programs - Financial Advisory Services	1	2	0	0
Performance Evaluation - Financial Advisory Services	1	2	0	0
Success Story - Financial Advisory Services	2	2	4	0
Careers - Health Care Consulting	3	5	3	0
Career Path - Health Care	2	2	0	0
Who we hire - Health Care	1	2	1	0
Testimonial - Health Care	1	2	1	1
Learning Programs - Health Care	1	2	0	0
Performance Evaluation - Health Care	2	2	0	0
Success Story - Health Care	2	2	1	0
Careers- Management Consulting	3	5	10	1
Career Paths – Consulting	1	2	0	0
Who We Hire – Consulting	2	2	1	0
Testimonial – Consulting	4	2	3	3
Learning Programs – Consulting	1	2	1	0
Performance Evaluation - Consulting	2	2	2	1
Success Story – Consulting	1	2	0	0
Careers - EYKL Real Estate Services	4	5	1	0
Career Path - Real Estate	3	2	0	0
Who We Hire - Real Estate	1	2	1	0
Testimonial - Real Estate	4	2	2	1
Learning Programs - Real Estate	2	2	0	0
Performance Evaluation - Real Estate	2	2	0	0
Success Story - Real Estate	2	2	2	1
Careers - Strategic Advisory Services	4	2	12	0
Our Approach to Business Strategy - Strategic Advisory Services	5	3	6	1
Turning Vision into Value - Strategic Advisory Services	4	2	9	0
Profile of an SAS Professional - Strategic Advisory Services	4	3	9	2
Careers - On the Team - Strategic Advisory Services	7	2	5	0
Testimonials - Strategic Advisory Services	3	3	3	1
For more information - Strategic Advisory Services	0*	Info. Pg.*	0	0
Careers- Tax Compliance	4	5	4	0
Career Path - Tax Compliance	2	2	0	2
Who We Hire - Tax Compliance	1	2	1	0
Testimonial- Tax Compliance	1	2	1	1
Learning Programs - Tax Compliance	1	2	0	0
Performance Evaluation - Tax Compliance	1	2	2	0
Careers - Tax Consulting	4	5	6	0
Career Paths - Tax Consulting	2	2	0	0
Who We Hire - Tax Consulting	1	2	1	0
Law Students - Tax Consulting	8	2	5	0
Testimonial - Tax Consulting	6	2	1	1
Learning Programs - Tax Consulting	3	2	1	0
Performance Evaluation - Tax Consulting	1	2	0	0
Success Story - Tax Consulting	1	2	2	0
The Year 2000	8	1	9	0

Retail and Consumer Products	7	7	3	1
Energy	9	5	3	0
Idea Factory	11	2	8	1
News Center	8	3	3	3
Ernst and Young International	10	1	2	0
EYI Home	7	1	8	0
EYI - Financial Services Gallery	9	1	7	1
EYI - Banking & Financial Services Industry	4	2	5	0
EYI – Technology	8	2	6	0
EYI - Economic and Monetary Union	6	2	2	0
EYI - Risk Management	4	2	2	0
EYI - Investment Management	4	2	3	0
EYI - Emerging Markets	6	1	2	0
EYI - Directory of E&Y Offices	1	1	1	0
About EYI	4	2	7	0
EYI – Careers	3	2	7	0
EYI – Search	0*	Info. Pg.*	0	0
Total	487		341	89
*Indicates that the page consisted entirely of contact information, links, search boxes, and/or other material that lacks content relevant for this study.				

Table 3.3 illustrates the coding results from Ernst & Young's 1999 website. In 1999, performance language accounted for 79.3% of the language coded and ethics language accounted for 20.7% of the language coded on the Ernst & Young 1999 website.

Table 3.4: Coding Results: Ernst & Young, 2003

<u>Page</u>	<i>Paragraphs</i>		<i>Utterances</i>	
	<u>Content</u>	<u>Information</u>	<u>Performance</u>	<u>Ethics</u>
Home	8	2	2	3
About Us	8	1	8	10
Delivering Value to Clients	9	2	6	2
Delivering Value to Our People	4	2	6	7
Events and Scholarships	1	2	0	1
Our Values	8	2	5	15
Our History	10	1	3	1
Awards	23	1	10	18
Information for the Media	3	3	1	0
Our Leaders	9	1	0	0
Current Issues	1	1	1	1
Press Release Archive	42	2	0	0
Press Release Information Line	3	0	4	1
EY in the Press	1	1	0	1
Key Facts and Figures	5	1	1	2
Issues and Perspectives	8	1	5	2
Issues and Perspectives – Library	60	1	7	4

Services Overview	6	1	4	3
Assurance and Advisory – Overview	6	1	6	5
Assurance Overview	8	2	4	13
Assurance - Our Approach	13	1	9	5
Assurance – Trends	1	1	0	0
Assurance - Tools and Resources	1	2	3	0
Our Business Risk Services	6	4	5	0
Business Risk – Services	5	2	10	3
Business Risk – Resources	5	3	4	2
Business Risk - Success Stories	2	2	3	0
Risk Galaxy	2	1	1	0
Our Technology and Security Risk Services	7	2	4	2
Technology and Security Risk - Our Approach	10	1	3	8
Transaction Support Overview	7	3	3	1
Transaction Support - Success Stories	2	1	1	0
Specialized Advisory Services	2	1	0	0
Our Actuarial Services	10	2	6	0
Actuarial - Our Approach	7	2	6	4
Our Real Estate Advisory Services	8	2	3	2
REAS - Our Approach	8	1	4	1
Our Services for Emerging Growth Companies	7	3	6	0
EGCs – Services	4	1	6	0
EGCs – Strategies	3	1	1	1
EGCs – Finance	4	1	1	1
EGCs- Transactions	3	1	2	0
EGCs – Operations	4	1	4	2
EGCs – Events	7	1	2	0
Global Employment Solutions	10	1	4	0
GEmS - Cost Optimization and Risk Mgmt	6	1	2	4
GEmS - Cost Optimization and Risk Mgmt	5	1	1	3
GEmS -Aligning Total Pay with Bus. Perf.	5	1	2	0
GEmS - Global Workforce Management	5	1	1	1
GEmS - Transaction Support Services	6	1	1	1
GEmS – Library	26	1	1	1
Law Overview	5	2	0	2
Law – Services	11	2	0	0
Tax	5	4	3	2
International Tax	5	1	4	1
International Tax - Transfer Pricing	7	3	1	0
International Tax - Mergers & Acquisitions	4	1	2	0
Tax – Contacts	0*	Info. Pg.*	0	0
Indirect Tax Overview	6	2	2	0
Indirect Tax- Customs & Int. Trade	3	1	2	1
Indirect Tax - Industry Focus	4	1	1	0
Indirect Tax - Free Cash Flow Release	3	2	2	0
Indirect Tax- Electronic VAT Assurance	4	5	2	0
Indirect Tax – PEEP	3	2	1	0
Tax Outsourcing Overview	6	2	6	1
Tax – Contacts	0*	Info. Pg.*	0	0

Transactions Overview	7	1	7	0
Transactions - Our Approach	4	1	2	0
Transactions - Capital Management	3	2	0	0
Transactions - Corporate Development Advisory	3	2	2	0
Transactions – Contacts	0*	Info. Pg.*	0	0
Online Services	2	1	2	1
E&Y Online	3	2	2	1
What is E&Y Online	3	0	4	2
E&Y Online – FAQs	5	2	0	1
E&Y Online –Contacts	0*	Info. Pg.*	0	0
Online Services - E-Learning	6	2	5	1
Online Services - E-Learning	3	3	5	0
E-Learning - Professional Services	3	3	3	0
E-Learning – Content	3	2	2	0
E-Learning – Technology	9	2	3	4
E-Learning – Insights	7	1	8	1
E-Learning - Success Stories	3	1	2	1
E-Learning – Contacts	0*	Info. Pg.*	0	0
Industries Overview	4	1	3	2
Serving Financial Services Organizations	8	1	1	2
Technology Communications and Entertainment	5	1	4	1
Energy, Chemicals, and Utilities	4	2	1	1
Heath Sciences	7	3	4	3
Industrial Products	6	1	3	1
Real Estate Hospitality and Construction	10	1	2	1
Retail and Consumer Products	9	1	4	0
E&Y Careers	2	2	1	0
Find a Career	2	2	2	0
Who We Recruit	3	1	5	4
Working at E&Y	6	2	1	11
Meet Our People	1	5	0	1
Careers – Interns	6	2	3	1
Total	617		279	178
*Indicates that the page consisted entirely of contact information, links, search boxes, and/or other material that lacks content relevant for this study.				

Table 3.4 shows the coding results of Ernst & Young's 2003 website. At this time, performance language comprised 61.1% of the language coded, and ethics language accounted for 38.9% of language coded. These results indicate an 87.9% increase in ethics language over the period analyzed.

Qualitative Results

Shift in Ethics Language Content

In addition to the quantitative results of the content analysis, a marked qualitative shift was found in the content of ethics language before and after Enron, particularly in the Ernst & Young websites. In the 1999 websites, the majority of the ethics language coded pertained to the hiring practices of the firms, specifically to the opportunities provided for minorities and women. On the Ernst & Young 1999 website, 68 of the 89 utterances of ethics language coded (76.4%) were found on pages under the Careers and Our People sections of the website. On the Moss Adams 1999 website, 9 of the 21 ethics utterances coded (42.8%) were found on the Careers pages. The following are examples of ethics language coded on Ernst & Young's 1999 website:

- “initiatives designed to help foster the careers of women in the firm”
- “promote and develop careers for women and professionals of color”
- “Ernst & Young works closely with minority organizations to support their goals and objectives. We value our relationships with these organizations.”
- “We understand the pressures faced by our professionals, and give them the time and resources to best tend to personal needs.”
- “We care about diversity.”
- “*Working Mother* Magazine honored us as one of the “100 Best Companies for Working Mothers”
- “E&Y understands the value of relationships. The firm is totally committed to the well-being and welfare of its primary resource – the employees of Ernst & Young.”

- An employee testimonial includes the following statement: “I was impressed with the professional and respectful way I was treated...”

In 2003, a considerable shift was found in the content of the ethics language. In addition to the language pertaining to ethical hiring and employment practices, the firms’ websites placed an emphasis on their integrity and trustworthiness. In addition, the ethics language was distributed more evenly across the entire website, instead of being concentrated in the career pages. On Ernst & Young’s 2003 website, 17 of the 178 utterances of ethics language coded (9.6%) were located on the Career pages. On Moss Adam’s 2003 website, 44 of the 109 utterances of ethics language coded (40.1%) were located on the Careers pages. The following are examples of ethics language coded on Ernst & Young’s 2003 website from pages other than the Careers page:

- “trusted business advisors”
- “making the right judgments, taking the right actions and maintaining the public trust”
- “the highest professional standards”
- “Integrity”
- “We inspire trust as business advisors.”
- “...sensitivity and concern, honesty and trust – form the culture of today’s Ernst & Young”
- “The top global company for the promotion of the highest ethical standards in addressing information security and its future direction.”
- “...your company must have the trust of its customers, lenders, and investors”

- “Ernst & Young’s commitment to the quality and integrity of our audits is exemplified by our global audit methodology...”
- “For over 100 years, Ernst & Young has strived to provide quality professional services in an independent, objective, and ethical manner.”
- “Their [E&Y audit partners] professional commitment to compliance with the highest professional ethics, standards, and our firm’s quality controls is the foundation of our commitment to professional excellence.”
- Our broad industry knowledge is delivered with an impartial, objective perspective.”
- “We are trusted advisors...”

The language was also framed differently on the websites before and after Enron. Before Enron, the language was framed toward performance; however, after Enron, the language was framed toward ethical values and integrity (Entman, 1993). The following quote from the Ernst & Young 1999 website provides an example of the framing toward performance: “We have no doubt that [diversity] will enhance the ability of our people to better serve our clients throughout the world.” The following is an example of the framing from the Ernst & Young 2003 website: “We put our employees first, but we also have a comprehensive program designed to give back to the community through generous charitable work and sponsorship.”

Other Qualitative Changes

Change in Tagline

On the Ernst & Young website, a tagline is featured below the firm’s name in the heading of each page. In 1999, the tagline was “From Thought to Finish.” In 2003, the tagline changed to “Quality in Everything We Do.” Moss Adams’ website did not include a tagline in either year.

Values Page Added

In 2003, both Moss Adams and Ernst & Young added a page to the “About Us” sections of their websites that explained the firm’s values. The additional page for Ernst & Young was titled “Our Values” and listed the six core values of the company and a description of each. The six core values listed were the following:

1. Leadership
2. Innovation
3. Teamwork
4. Client-driven
5. Mutual respect, trust, and openness
6. Integrity

The additional page for Moss Adams was titled “Firm Values” and listed what are referred to as their “PILLAR” values. Moss Adams’ PILLAR values were the following:

1. Passion for Excellence
2. Intellectual Curiosity
3. Lifetime Learning
4. Leading by Example
5. A Balanced Life
6. Respect for Others

Presentation of Information Considerations

Link Organization – About Us Pages

During the content analysis, the organization of links in the “About Us” sections of the websites was noted. In 1999, the “About Us” section of the Moss Adams website contained three

links, listed vertically at the bottom of the page in the following order (from top to bottom): Moores Rowland International, Guestbook, and Office Locations. In 2003, the “About Us” section of the Moss Adams website contained eight links, listed vertically on the left side of the page in the following order (from top to bottom): Office Locations, Affiliates, Community Involvement, Firm Values, Moores Rowland International, News and Press Releases, Strategic Partners, and Other Language Versions of this Page (Chinese, French, German, Japanese, Spanish).

In 1999, the “About Us” section of the Ernst & Young website contained the following links, listed vertically on the right side of the page in the following order (from top to bottom): About Us Home, Timeline, Who We Are, What We Do, Where We Are, Worldwide, E&Y Foundation, and Update. In 2003, the links in the “About Us” section of the Ernst & Young website were listed vertically on the right side of the page in the following order (top to bottom): Overview, Meeting Client Needs, Supporting Our People, Events and Sponsorships, Our Values, Our History, and Our Awards. The changes in links from 1999 to 2003 occur in both the phrasing of the links and the order of the links on the page.

Usage of Images

The usage of images on the websites was also considered during the content analysis. For Ernst & Young, the images utilized and their content remained somewhat consistent over the period analyzed. Moss Adams did not include images in their 1999 website. However, in the 2003 website, several images were added. The added images included the following:

- A child swinging on a swing-set on the About Us – Community Involvement page
- A woman smiling on the Careers page
- A man and woman smiling on the Careers – College Entry Level page

Chapter 4

Discussion

Analysis of Results

The results of the quantitative portion of the content analysis indicate increased use of ethics language after the Enron scandal. The use of ethics language on the Moss Adams website increased 237.0% between 1999 and 2003. On the Ernst & Young website, the use of ethics language increased 87.9% between 1999 and 2003. The quantitative results support hypothesis one (H1) of this study, which predicted that the content of accounting firm websites focused on performance and growth before Enron. On both websites analyzed, performance language accounted for the majority of the language coded on the 1999 websites. These results indicate a focus of performance and growth on the websites.

The quantitative results are partially consistent with hypothesis two (H2) of this study that predicted a focus on ethics, social responsibility, and proper accounting practices in the content of accounting firm websites after Enron. Although an increase in ethics language was found on both websites in 2003, ethics language accounted for the majority of language coded only on the Moss Adams website. In the 2003 Moss Adams website, ethics language comprised 51.9% of the language coded. Ethics language increased significantly (87.9%) on the 2003 Ernst & Young website; however, ethics language remained a minority, accounting for 38.9% of the language coded.

When considering the qualitative results of this study, it appears that the quantitative results understate the total reaction of the firms to the Enron scandal. First, a qualitative shift in the content of ethics language coded on the websites occurred in 2003. Ethics language coded in 1999 consisted almost entirely of language pertaining to hiring practices and diversity issues.

However, in 2003, the majority of ethics language coded related to issues of trust, integrity, and proper accounting practices. In addition, a change in framing of language was found before and after Enron. Before Enron, language was framed to performance; after Enron, language was framed to ethics and integrity. These qualitative results indicate a strong reaction to the Enron scandal. The Enron scandal threatened the integrity of accounting firms, and the language used on their websites after 2003 presents a strong image of trust and values.

On the Ernst & Young website, the qualitative shift in ethics language was coupled with a change in language used in the firm's tagline. Ernst & Young's 1999 tagline, "From Thought to Finish," has a clear, performance-oriented nature. However, the 2003 tagline, "Quality in Everything We Do," has a dual purpose. First, the 2003 tagline has a performance connotation. The word "quality" can indicate superiority in performance. However, the word "quality" also has an ethical connotation, especially in the accounting field. The Financial Accounting Standards Board (FASB) views quality of financial reporting through fundamental qualitative characteristics (relevance and faithful representation) and enhancing qualitative characteristics (comparability, verifiability, timeliness, and understandability). The concepts of faithful representation and verifiability are connected to ethical factors including neutrality and proper inclusion of all necessary information.

Another significant qualitative change noted in this study was the addition of a firm values page in the "About Us" section of both websites in 2003. Ernst & Young's "Our Values" section included the following six core values (listed in order shown on the webpage):

1. Leadership
2. Innovation
3. Teamwork

4. Client-driven
5. Mutual respect, trust, and openness
6. Integrity

A portion of the aforementioned values appear to be performance oriented. However, Ernst & Young included ethical language in the description of these values. For example, the description of leadership included the following phrases: “We each take personal responsibility” and “We want people and clients to be proud to be associated with Ernst & Young.” The final two values, mutual respect, trust, and openness, and integrity, are values that serve to attest to the ethical nature of the firm.

In 2003, Moss Adams added a “Firm Values” page featuring their “PILLAR” values, listed in the following order:

1. Passion for Excellence
2. Intellectual Curiosity
3. Lifetime Learning
4. Leading by Example
5. A Balanced Life
6. Respect for Others

The ethical content and layout of Moss Adams’ values page is similar to Ernst & Young’s values page. A portion of the values have performance connotations, while the others are related to ethics. The values of leading by example, a balanced life, and respect for others all served entirely for explaining the firm’s ethical values. The remaining values had both performance and ethical implications.

The addition of the “Our Values” and “Firm Values” pages to both websites indicates

both of the firms' desire to convey a positive, moral firm culture. However, it is important to consider that both firms listed the predominantly ethical values below the values that had both performance and ethics content. For Moss Adams, the organization of the values may have been a function of the development of the acronym (PILLAR). However, for Ernst & Young, the placement of the values has no deliberate order. The reason for the position of performance oriented values before the purely ethical values may be the purpose of the firm. Overall, both Ernst & Young and Moss Adams are marketing a service that clients expect to be performed well. So, it may be necessary for the firms to place some emphasis on performance along with their ethical values.

Another consideration of order arose in the evaluation of links designed to navigate through the "About Us" sections of the websites. In 1999, the "About Us" section of the Moss Adams website contained three links, listed vertically at the bottom of the page in the following order (from top to bottom):

1. Moores Rowland International
2. Guestbook
3. Office Locations

In 2003, the "About Us" section of the Moss Adams website contained eight links, listed vertically on the left side of the page in the following order (from top to bottom):

1. Office Locations
2. Affiliates
3. Community Involvement
4. Firm Values
5. Moores Rowland International

6. News and Press Releases
7. Strategic Partners
8. Other Language Versions of this Page (Chinese, French, German, Japanese, Spanish)

In the above placement of links, the two pages regarding the ethical nature of the company (Community Involvement and Firm Values) are located in the top portion of the list below an information page (Office Locations) and one content page (Affiliates). This placement allows website visitors to read and associate ethics content with the firm early in their visit to the site.

In 1999, the “About Us” section of the Ernst & Young website contained the following links, listed vertically on the right side of the page in the following order (from top to bottom):

1. About Us Home
2. Timeline
3. Who We Are
4. What We Do
5. Where We Are
6. Worldwide
7. E&Y Foundation
8. Update

In 2003, the links in the “About Us” section of the Ernst & Young website were listed vertically on the right side of the page in the following order (top to bottom):

1. Overview
2. Meeting Client Needs
3. Supporting Our People
4. Events and Sponsorships

5. Our Values
6. Our History
7. Our Awards

In the Ernst & Young links, a change in the terminology used in the links, as well as the placement of the links was found. In 1999, the phrases used in the links are very firm-oriented (Who We Are, What We Do, etc.). However, in 2003, the phrases utilized are placed in a social context. For example, “Who We Are” is replaced by “Supporting Our People” and “What We Do” is replaced by “Meeting Client Needs.” Also, “Timeline” is replaced with “Our History.” The shift in terminology softens the company image and presents a more socially responsible appearance for the firm. In addition, the placement of the links is altered. In 1999, the only link with an ethical impression is “E&Y Foundation,” which is placed just above a link to an information page (“Update”). In 2003, three links to ethics related pages (Supporting Our People, Events and Sponsorships, and Our Values) are placed near the top of the list, below a link to the “About Us Home” and “Meeting Client Needs.” The aforementioned need to inform clients of the quality of their service in addition to their ethical nature may explain the position of ethics pages slightly below a performance page.

With respect to actual images used on the websites, minor changes were noted as a part of the content analysis. Moss Adams’ website did not contain images in 1999. In 2003, several images were added. These images included those of a child on a swing, women smiling, and diverse groups of people. While no images were present on the 1999 website for comparison, the images placed on the 2003 website serve to soften the image of the company and do have ethical implications. The images found on both the 1999 and 2003 Ernst & Young websites have no significant differences in content.

Both the quantitative and qualitative results of this study signify a notable reaction to the Enron scandal in the content of accounting firm websites. Language pertaining to the ethical nature of the firms, especially to their integrity and trustworthiness, increased substantially over the period between 1999 and 2003. While this language did not dominate the website content, it served to balance performance content and support a reputation of strong performance in cohesion with strong ethical values. The results of this study reveal that individual accounting firms recognized and responded to the threat to the reputation of the accounting profession after the Enron scandal in addition to legislators and professional organizations. The firms' responses were reflected primarily in language used on their websites.

Limitations

Many limitations to this study arose as a result of the method of gathering data, the Internet Archive. While the Internet Archive is the only public source of historical website data, there are several problems in its operations. The original concept of this study was to review the websites of the Big Four accounting firms (Ernst & Young, Deloitte Touche, KPMG, and PriceWaterhouseCoopers). However, only the Ernst & Young website had sufficient content available in order to conduct the analysis. Moss Adams was selected due to the availability of its content and its comparability in size to Ernst & Young, being one of the top ten accounting firms in the United States.

Although the majority of the website content was available through the Internet Archive, some links were not archived, and, as a result, the corresponding pages were not utilized in this study. While this presents a limitation for this study, enough content was available to present a valuable analysis. In addition to various links not being archived, many images were not archived. Fortunately, the captions to the images were often archived, which provided an idea of

the content of the images.

While both the quantitative and qualitative results of this study indicate a correlation between the change in website content and the Enron scandal, it is important to consider that correlation is not causation. This study does not serve to prove that the Enron scandal caused accounting firms to change their public relations strategies and, consequently, the content of their websites. However, it does serve to show a correlation between a change in public relations strategies and the time period surrounding the Enron scandal.

Implications for Future Research

This study has several implications for future research. First, this study can be expanded with additional websites of other accounting firm websites in order to find a widespread shift across several firms. In addition, if archived websites are available, an analysis can be made on firms of varying sizes (small, midsize, large, etc.) to investigate varying degrees of reaction to the Enron scandal. This study could address questions such as: Did small accounting firms recognize a threat to their reputation after the Enron scandal, or was the threat limited to large firms?

This study could be supplemented with an additional analysis of websites of firms in another professional discipline that was not directly affected by Enron or the Sarbanes Oxley Act during the same time period. A supplemental study of this nature would serve to investigate shifts in language that resulted from factors other than those considered in this thesis. Ideas of corporate social responsibility were beginning to become more influential during the time period analyzed, which could have been an additional influence on accounting firms. Although, this study can lead to another investigation into the affect that the Enron scandal had in intensifying the corporate social responsibility movement across the entire business environment.

Another follow-up study could examine news archives to find news stories related to Moss Adams and Ernst & Young. Did the firms actually change their actions after Enron, or did they just change the language on their websites? Also, events related to Moss Adams and Ernst & Young around 1999 and 2003 could be explored to see if they failed to report an event on their websites in fear of further damaging their reputations.

An important consideration for future research is the improvement of the Internet Archive. The Internet Archive has broad potential for study in various areas beyond accounting firms and public relations. The Archive improved in both design and content over the duration of this thesis. While the improvements did not arrive in sufficient time to contribute to this study, they present various opportunities for future study.

Chapter 5

Conclusion

Prior to the Enron scandal, the accounting profession existed in a business environment of intense competition and continued emphasis on profit growth. As a result, many firms engaged in improper accounting practices, leading to erosion in the ethical nature of the profession. After the Enron scandal and its subsequent financial disaster, the accounting profession faced public and legislative scrutiny. Both legislators and the accounting profession acted in order to salvage the reputation essential to the survival of a service firm, leaving the question of how the individual accounting firms would react.

This study analyzes the language used on firm websites, which serve as a tool for managing a firm's reputation, to find the reaction of accounting firms to the threat to their reputations. The results reveal a significant reaction of accounting firms in the form of both quantitative and qualitative shifts in language. After Enron, a significant increase in ethics language occurred on accounting firm websites. This quantitative shift was enhanced by qualitative shifts in ethical language on the websites to emphasize integrity and trust. The results of this study illustrate a widespread reaction and effect of the Enron scandal, ranging from national legislators, to professional organizations, and, finally, to individual members of a profession.

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Appendix A: Sample Coding Survey

Coding Survey

In this survey, please use the definitions listed below to categorize the information on the following pages.

Performance Language: language pertaining to the execution or accomplishment of work or acts and the manner of said functions. For example: *“Our purpose is to provide noticeably superior, value-added service to our clients.”*

Ethics Language: language pertaining to moral principles or values relating to human conduct, including actions, motives for actions, and consequences of actions. For example: *“We treat people with respect.”*

In the following pages, please indicate words or phrases that you believe constitute performance or ethics language by highlighting these words or phrases with the following colors:

Performance Language: Yellow

Ethics Language: Green

Please note that all words or phrases on the page do not have to be highlighted, highlight only those that you believe conform to the above definitions.

If you believe that a particular word or phrase conforms to both categories, please highlight that word or phrase with both colors (yellow and green).

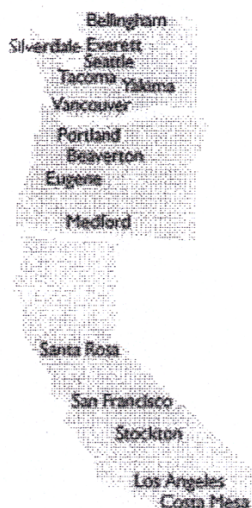
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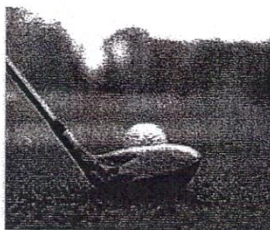
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 Locations: 670
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 Revenues: US\$10.1bn for Fiscal Year 2002
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Leadership: We each take personal responsibility, have a clear direction, and lead and embrace change. We want people and clients to be proud to be associated with Ernst & Young.

Innovation: We relentlessly pursue improvements and dynamic change. We generate and share ideas willingly. We are highly creative every day.

Teamwork: We cooperate and collaborate with colleagues and clients. We are responsive, effective, energetic, flexible, and focused on relationships. We openly share our knowledge with each other.

Client-driven: We listen to our clients' needs and respond with energy, passion, speed, and agility. We look for new solutions to create value and confidence and build lifelong relationships.

Mutual respect, trust, and openness: We are committed to creating an inclusive environment. We respect – and build on – our differences, and we care about each other. We appreciate diversity of thought, trust each other, and see value in sharing what we know.

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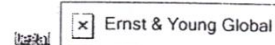


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Thesis Supervisor: Carla Chamberlin-Quinlisk

RELATED EXPERIENCE:

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Supervisor: John P. Cataldo Jr., CPA
Summers 2007 – 2010, Fall 2010

AWARDS:

- Dean's List - All Semesters
- Evan Pugh Scholar Award Senior
- Class Valedictorian – Penn State Abington Class of 2011
- Eric A. and Josephine S. Walker Award
- Evan Pugh Scholar Award - Junior
- Samuel J. DiRoberto Award for Business
- Abington College of Undergraduate Research Activities - Colloquium Winner
- President Sparks Award
- Published in "Best of Freshman Writing"
- Freshman Award

ACTIVITIES:

- The Honor Society of Phi Kappa Phi - Member
- Penn State Abington Lion Ambassadors – President
- Penn State Abington Senior Class – Vice President
- The IRS Volunteer Income Tax Assistance Program - Volunteer
- Abington College of Undergraduate Research Activities
- Poster Presentation – The American Time Use Conference, 2009