CREATIVITY IN REGIONAL AUSTRALIAN ACCOUNTING FIRMS

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ABSTRACT: Regional accounting firms face significant challenges, such as increasing competition, limited resources, and pressure to provide diverse and complex services. Creativity is considered essential in addressing these challenges. Accordingly, this study investigates how creativity is perceived and the extent to which it is supported in regional Australian accounting firms. This study involves a survey of accountants working in regional Australian accounting firms. While prior studies suggest there is a perceived conflict between accountant's creativity and their ethical decision-making, as well as a perceived conflict between accountant's creativity and productivity; the results of this study suggest that these perceptions are not widely held within regional Australian firms. Rather, this study identifies a culture within regional firms that is perceived to be moderately supportive of creativity and an overall attitude that creativity is valued in regional Australian accounting firms.

KEY WORDS: Accounting, Creativity, Productivity, Regional Australia, Professional Service Firms

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1. INTRODUCTION

Creativity can be defined as "the development of novel, potentially useful ideas" (Shalley *et al.*, 2004, p. 934). It is usually associated with people who are open-minded, willing to take risks and able to tolerate ambiguity (Chamaro-Premuzic and Reichenbacher, 2008; Farr-Wharton, 2005; Shalley *et al.*, 2004). Historically, these characteristics have not been associated with accountants; in fact, creativity is commonly perceived as

incongruous with accounting (Bryant *et al*., 2011; Carnegie and Napier, 2010). The essential nature of creativity makes this disassociation problematic.

Creativity is essential for problem-solving and adaptation, innovation and generating new ideas, engaging in effective decision-making, and ultimately for establishing sustainable success in business (AICPA, 2013; Amabile, 1996; Nonaka, 1991; Oldham, 2002; Shalley *et al*., 2004). Accountants require creativity for many activities, including: developing new services and work processes, brainstorming and devising solutions for client problems, constructively challenging business assumptions and promoting innovative business cultures (AICPA, 2013; Briggs *et al*., 2007; Chang and Birkett, 2004; Park, 1958). Accordingly, it can be argued that creativity is crucial for the long-term survival of accounting firms (Chang and Birkett, 2004; Maister, 1993).

Creativity may be argued to be particularly important for accounting firms in regional areas, which are generally smaller in size than their metropolitan counterparts. Regional firms face increasing competition, declining customer loyalty and difficulty accessing non-local clients (Kotey and Sorensen, 2014; Sen and MacPherson, 1998; Trugman and Person, 1995). They face these threats with less resources than that of their larger rivals; specifically they do not possess the same breadth of employee expertise or marketing capabilities (Battisti *et al*., 2010; Dennis, 1998; Shamis, 2003; Wines *et al*., 2013). In addition, a prevalence of small business clients means regional firms face significant pressure to provide increasingly diverse and complex services (Telberg, 2003). These challenges exemplify the need for creativity within regional firms; and more specifically, organisational cultures that are supportive of creativity. Encouraging employee creativity can lead to the development of unique services which provide the competitive advantage regional firms need to compete with their larger rivals (Bierly *et al*, 2009; Chang and Birkett, 2004). Regional firms can also generate creative ideas for enhancing their acquisition and use of resources, and subsequently overcome their resource constraints (Amabile, 1996).

Much has been written about creativity and accounting, however, many previous studies have taken an etic approach to the topic, focusing on perceptions of non-accountants or students towards accounting (Baxter and Kavanagh, 2012; Carnegie and Napier, 2010; McDowall and Jackling, 2010). This study instead sought the perceptions of practicing accountants, and as such provides valuable insights into current perceptions of creativity from within the profession.

Some prior studies have involved relatively small or unique populations and their findings may not generalise to regional accounting firms (Bryant *et al*., 2011; Chang and Birkett, 2004; Oldham and Cummings, 1996; Tierney and Farmer, 2002; Tierney and Farmer, 2004; Tomkins, 1986; Wyatt, 2004). Many previous studies have also focused on large accounting firms, generally in large cities (Chang and Birkett, 2004; Chow *et al*., 2002; Hood and Koberg, 1991; Jeacle, 2008; Wyatt, 2004); whereas this study took place in a regional context. It therefore provides valuable insight for regional firms and regional policy-makers given the particular importance of creativity for such firms.

This study challenges previous research about the typical organisational culture of accounting firms, the relationship between creativity and productivity, and the relationship between creativity and ethical decision-making in accounting. It has implications for the professional accounting bodies, accounting education providers, regional policy-makers, and for the direction of future research.

2. CREATIVITY

As denoted previously, creativity is broadly defined as the development of novel, potentially useful ideas. This definition provides that to be creative, ideas must be unique (relative to currently available ideas) and have value-adding potential (either short-term or long-term) (Amabile, 1996; Shalley *et al*., 2004). Shalley *et al*. (2004) explain that creativity is a precursor to innovation in organisations (where innovation concerns the implementation of ideas, rather than just their development). Creativity can be further understood on two levels: personal creativity and collective creativity.

Personal Creativity

Personal creativity represents "the ability of an individual to create new, relevant ideas and perspectives" (Mauzy, 2008, p. 6). Creativity is commonly associated with 'thinking flexibly' and requires the creation of 'remote associations' between unconnected ideas (Amabile *et al*., 2002; Farr-Wharton, 2005). This facilitates the novelty of new ideas as eluded to in the initial definition of creativity presented. With a focus on ability, personal creativity is considered to be significantly linked with individuals' personal characteristics (such as those mentioned in the introduction: open-mindedness, willingness to take risks and ability to tolerate ambiguity). Although, it is posited that creative ability is not only innate in individuals

with these characteristics, but rather it is a skill that can be learnt (Craft, 2015; Guilford, 1967; William and Yang, 1999).

Collective Creativity

The term collective creativity can be used to represent creativity within groups or organisations. Borrowing from the definition of organisational creativity provided by Woodman *et al*. (1993, cited in Styhre and Sundgren, 2005, p. 31), collective creativity can be defined as creativity evidenced through "the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system". Further to this, collective creativity is associated with "finding improved ways of doing things, be they minor continuous changes or more radical leaps forward" (Cook, 1998, p. 80).

The concept of a *complex social system* is particularly pertinent for understanding the distinction between personal creativity and collective creativity. While some advocate that collective creativity can be improved by "improving the creative abilities of individual employees" (Mauzy, 2008, p. 5), it is generally accepted that the solution is not that simple. For example, individuals with creative characteristics may function differently within group-oriented organisational climates, and therefore not express their creativity as otherwise anticipated (Williams and Yang, 1999). Williams and Yang (1999, p. 373) reiterate, "individual creativity and group creativity are two different beasts … creativity within an organisational setting is not simply individual creativity that happens at work ".

In order to experience high levels of collective creativity, organisations must develop a culture and environment where creative ideas can emerge, and generate ways of 'catching' creative ideas (Cook, 1998; Lockwood and Walton, 2008; Maister, 1993). The concept of organisational culture is therefore very important.

3. CREATIVITY AND ORGANISATIONAL CULTURE

Organisational culture refers to "the system of shared values and beliefs that develops within an organisation and guides the behaviour of its members" (French *et al*., 2011, p. 339). This organisational culture is subject to the perceptions of individual employees but also includes a significant shared component; i.e. a component that is commonly understood and accepted by all members of the organisation (Robbins *et al*., 2003).

Organisational culture is believed to have a significant influence on employee behaviour. Robbins et al. (2003, p. 70) explains that "when confronted with problems…the organisational culture…influences what employees can do and how they conceptualise, define, analyse and resolve the issues". This behavioural influence occurs because of the effect that organisational culture has on how employees interpret organisational life (French et al., 2011). French *et al.* (2011, p. 350) provides the following further elaboration on how organisational culture manifests itself in employees' behaviour:

> "Individuals collectively learn behaviours and concepts to help them deal with problems. In organisations, what works for one person is often taught to new members as the correct way to think and feel. Important values are then attributed to these solutions to everyday problems. By linking values and actions, the organisation taps into some of the strongest and deepest realms of the individual. The tasks that a person performs are not only given meaning but value; what one does is not only workable but correct, right and important".

The significant effect that organisational culture has on employee behaviour, logically, can also influence the collective creativity within an organisation. For example, "the culture of an organisation can encourage creative thinking by the development of norms that support the promotion of innovation" (McKenna, 2006, p. 527). The opposite is also true; organisations can hinder creativity (particularly collective creativity) by developing cultural norms which are not supportive of creativity and innovation (Kenny and Reedy, 2007; Martins and Terblanche, 2003; Robbins *et al*., 2003). Figure 1 presents these concepts diagrammatically.

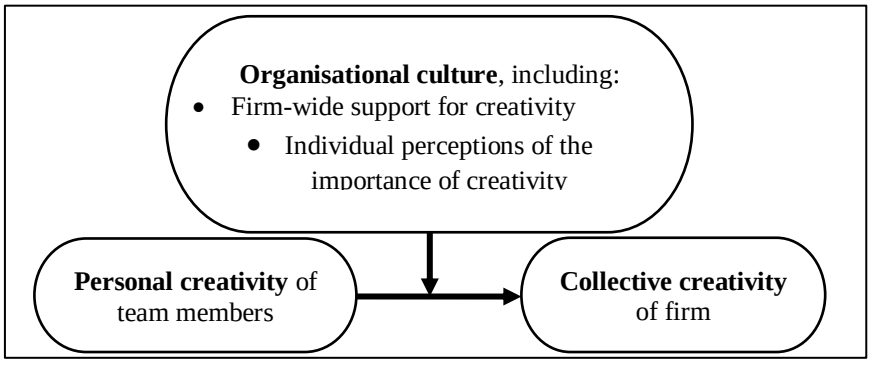

Figure 1: Conceptual Framework. Source: the Authors.

It has been suggested that traditional accounting firms generally have bureaucratic cultures, rather than innovative cultures (the latter being more conducive to creativity); particularly due to the prevalence of routine compliance-based work (Ballew, 1982; Bamber and Bylinski, 1982; Cushing and Loebbecke, 1986; Hood and Koberg, 1991; Wallach, 1983). Contrary to this, a study using data from more than 100 000 workers in the United States indicated that accountants placed no less importance on creativity, on average, than a large sample of other occupations (Bryant *et al*, 2011). Similarly, studies of recruitment literature for the accounting profession reveal that creative skills are considered of importance to the profession (Jeacle, 2008). For regional accounting firms, an organisation's culture (particularly the importance placed on creativity and corresponding supportiveness of creativity) is expected to be an indicator of whether firms are able to employ the creativity they need to meet their unique challenges. Accordingly, the following research questions are presented:

Research Question 1: *To what extent do regional accountants perceive creativity to be important for their role?*

Research Question 2: *To what extent do regional accountants perceive their firms' cultures to be supportive of creativity?*

4. CREATIVITY AND ETHICS IN ACCOUNTING

Creativity in accounting has traditionally been associated with unethical behaviour, with the term 'creative accounting' evolving to describe a deceitful practice of using knowledge of accounting rules to manipulate and misrepresent financial accounts (Amat *et al*., 1999; Bryant *et al*., 2011). Bryant *et al*. (2011) conducted a study involving an internet search for the term 'creative accounting' and thematic coding of the search results. Their study indicated that popular public perceptions of the term were primarily negative and were linked with the idea of deception.

Similarly, the term 'creative accountant' has come to represent a stereotype that is unethical, greedy, dishonest, untrustworthy, unreliable and corrupt (Baxter and Kavanagh, 2012; Bryant *et al*., 2011; Carnegie and Napier, 2010; Jeacle, 2008). Several significant corporate failures, including Enron and HIH Insurance, have fed scepticism around the term 'creative accountant', with blame for the failures being attributed to the excessive creativity of the accountants involved (Baxter and Kavanagh, 2012; Bougen, 1994; Carnegie and Napier, 2010).

Further contributing to the unethical connotations of these terms is the traditional view of accounting as extensively rule-based (Inman *et al*., 1989; Zeff, 1989). In this view, creativity represents unethical deviation from strict accounting rules and principles, which is unnecessary and potentially even detrimental for accounting work (Bougen, 1994; Bryant *et al*., 2011). Studies suggest that this traditional view of accounting as extensively rule-based is still widely held by students (McDowall and Jackling, 2010).

Despite the traditionally perceived association between creativity and unethical behaviour, there is a lack of conclusive empirical evidence of a significant positive association between them. In fact, some research appears to support the opposite; suggesting that creativity may actually facilitate ethical decision-making by enabling a greater ability to develop ethical solutions when faced with ambiguity, as well as potentially higher levels of moral development (Bierly *et al*, 2009; Buchholz and Rosenthal, 2005; Teal and Carroll, 1999). A study by Bryant *et al*. (2011), utilising the Ethics Position Questionnaire, revealed no correlation between accountants' ethical position and their creativity. This discussion leads to the following research question:

Research Question 3: *To what extent do regional accountants perceive a conflict between their creativity and ethical decision-making?*

5. CREATIVITY AND PRODUCTIVITY IN ACCOUNTING

Productivity is a standard inclusion in the employee performance measurement systems of accounting firms (Maister, 1993). Commonly expressed as "the ratio between input resources (charge out rates x hours) and output (fees charged)" (Chang and Birkett, 2004, p. 10), a focus on productivity is believed to explain the reluctance to incorporate creativity into the performance measurement systems used within firms (Kachelmeier, Reichert and Williamson, 2008). This is because generating creative ideas takes time; which comes at the expense of work productivity and meeting tight deadlines (Amabile, Hadley and Kramer, 2002; Chang and Birkett, 2004; Shalley *et al*., 2004). Creativity also requires individuals' attention and cognitive capacity. Productivity and creativity each compete for this attention and place different cognitive demands on accountants (Chang and Birkett, 2004).

Prior research generally supports the inverse relationship between productivity and creativity; with an experimental study by Kachelmeier *et al*. (2008) suggesting that when creativity is used in performance

measurement systems it limits production volume. Similarly, studies have found that when there is an overemphasis on productivity goals, individuals are discouraged from being creative (Amabile *et al*, 2002; Shalley *et al*, 2004).

There are however exceptions to these findings; for example, a study of scientists by Andrews and Farris (1972) found time pressure to be positively associated with innovation, except where the time pressure reached notably undesirable levels. Further to this, Amabile *et al*. (2002) explain that high levels of employee creativity are possible in situations with extreme time pressure, when this pressure is also accompanied by increased focus (increased employee concentration and decreased distractions) and motivation (where employees feel that their work is important and challenging). This discussion leads to the following research question:

Research Question 4: *To what extent do regional accountants perceive a conflict between their creativity and productivity?*

6. RESEARCH METHODOLOGY

This study's research questions were of a descriptive nature; in that they sought to ascertain and describe specific characteristics of regional Australian accountants and regional Australian accounting firms (Cavana *et al*., 2001; Zikmund *et al*., 2013). A quantitative approach was adopted to answer these questions, as this allowed the descriptive characteristics to be measured in an objective fashion and also allowed variables to be formally validated to confirm that they represent applicable concepts reliably (Zikmund *et al*., 2013).

Questionnaire

The survey technique was used for this study and took the form of an online questionnaire. An online questionnaire was beneficial, as it allowed participants to respond anonymously at a time convenient for them (Zikmund *et al*., 2013). By providing anonymity, participants were more likely to provide the sensitive information required for this study; such as information about their organisational culture (Zikmund *et al*., 2013). Participant convenience was also particularly important for this study, given the time-pressures associated with working in an accounting firm.

In general, accountants are very familiar with the use of information technology; as such the online nature of the questionnaire was appropriate

and accessible for them. It also provided an inexpensive, quick and efficient platform for distributing the questionnaire and collecting responses (Zikmund *et al*., 2013).

The questionnaire was designed to provide representations of the concepts relevant to the research questions, including:

- Participants' perceptions of the extent to which creativity is important for their role,
- Participants' perceptions of the extent to which their firm's culture is supportive of creativity (i.e. whether creativity is valued, encouraged, facilitated and sustained),
- Participants' perceptions of the extent to which there is a conflict between creativity and ethical decision making, and
- Participants' perceptions of the extent to which there is a conflict between creativity and productivity.

A total of 19 questions were included relevant to these 4 concepts, along with other questions such as those related to demographic information. The use of multiple questions was considered beneficial for measuring these abstract concepts and is consistent with the recommendations of Manning and Munro (2007) and Zikmund *et al*. (2013). All 19 questions asked participants to select a response using a 5 point Likert-type scale. Three of the 19 questions were adapted from the 'support for innovation' section of the 14 item version of the Team Climate Inventory (TCI) (as originally developed by Anderson and West [1994] and adapted by Kivimäki and Elovainio [1999]). The remainder of the questions were self-created by the researchers. The 19 questions are listed in the results section of this paper.

The questionnaire was scrutinised through a pre-testing process. This process involved interviewing five participants subsequent to them completing a draft version of the questionnaire and making revisions to the questionnaire as appropriate.

Participants

The target population for this study included accountants working in accounting firms in regional areas of Australia. The unit of analysis for

data collection was at the individual level. Regional areas were identified with reference to the Australian government's list of regional postcodes as used for immigration and visa purposes (DIBP, 2015). The initial sample frame was a self-compiled list of email addresses for regional accountants. This list was compiled on an ad-hoc basis, using contact details previously known to the researchers; along with contact details available in the public domain (e.g. from http://www.cpaaustralia.com.au/about-us/find-a-cpa). This list identified 444 potential participants. Following the pre-testing process, the revised version of the questionnaire was emailed to this identified sampling frame for completion.

Additional participants were also accessed using an adaptation of the snowball sampling technique. The snowball sampling technique involves initial participants referring other potential participants to be included in the study (Hair *et al*., 2000; Zikmund *et al*., 2013). In this adaptation of the technique, participants were asked to forward the email to other practicing accountants, including those within their firm and their associates from other firms. Representing a form of convenience sampling, this adaptation of snowball-sampling aimed to allow the researchers to survey a large number of the relevant population, quickly and economically and did not require a complete list of the population (Zikmund *et al*., 2013). The data collection process was conducted during August and September 2015.

7. RESULTS

Missing Values and Errors

A total of 99 participants provided data for the study. Data for two participants was subsequently excluded from analysis, as the given postcode for these participants did not fall within a regional area. In addition, some data was also excluded where the participants selected 'not applicable' for items on the questionnaire. Where 'not applicable' was selected for multiple items which formed part of the same composite measure, it was considered that the participants' response for that composite measure would not be a reliable representation of the underlying concept. Accordingly, the data for eight participants was excluded from the creation of the composite measure representing participants' perceptions of firm culture, and data for two participants was excluded from the creation of the composite measure representing participants' perceptions of conflict between creativity and productivity. The reduced sample sizes are shown in table 1.

Table 1. Reduced Sample Sizes.

	Sample size:	**How this was derived:**
Initial sample	99	Total number of participant responses received
Sample used for analyses regarding *importance*, *ethics* and demographic variables.	97	Excludes two participants with non-regional post-codes
Sample used for analysis regarding productivity	95	Excludes two participants with multiple 'not applicable' responses relevant to *productivity* (in addition to the two participants with non-regional post-codes)
Sample used for analysis regarding firm culture	89	Excludes eight participants with multiple 'not applicable' responses relevant to *firm culture* (in addition to the two participants with non-regional post-codes)
Sample used for analysis regarding non-response bias	87	Excludes ten participants with multiple 'not applicable' responses relevant to either *productivity* or *firm culture* (in addition to the two participants with non-regional post-codes)

Source: the Authors.

General Descriptive Statistics

Analyses of demographic variables show that the majority of participants indicated they were male (approximately 55.7 per cent). Approximately 71.1 per cent of participants worked in regional Queensland, with 18.6 per cent, 6.2 per cent, 3.1 per cent and 1.0 per cent working in regional areas of Western Australia, Victoria, Tasmania and New South Wales respectively. Table 2 shows the age categories of participants; from this it can be noted that most participants were over 40 years of age.

Table 2. Descriptive Statistics: Participant Age.

Age	Frequency	Percentage
20 to 29	9	9.3%
30 to 39	28	28.9%
40 to 49	31	32.0%
50 or greater	29	29.9%
Total	97	100%

Source: the Authors.

Participants had been working within the accounting profession for a mean of approximately 19.67 years; with tenures ranging from 1 to 45 complete years. A majority of participants indicated that they worked in single-partner firms (as shown in table 3). A majority also identified their main service division as 'taxation' (see table 4), and the vast majority identified their hierarchal level as 'partner/director' (as shown in table 5).

Table 3. Descriptive Statistics: Firm Size.

Number of partners	Frequency	Percentage
1	53	54.6%
2	19	19.6%
3	16	16.5%
4	2	2.1%
5 to 10	7	7.2%
Total	97	100%

Source: the Authors.

Table 4. Descriptive Statistics: Main Service Division.

Main service division	Frequency	Percentage
Taxation	56	57.7%
Financial	22	22.7%
Management/consulting	12	12.4%
Audit	4	4.1%
Unclassified	3	3.1%
Total	97	100%

Source: the Authors.

Table 5. Descriptive Statistics: Hierarchal Level.

Hierarchal level	Frequency	Percentage
Partner/director	72	74.2%
Manager/senior	14	14.4%
Intermediate	7	7.2%
Junior/graduate/ accounting assistant	4	4.1%
Total	97	100%

Source: the Authors.

Assessing Sample Bias

Non-response bias was assessed by comparing data for early responders (60 participants who completed the survey prior to follow-up emails being sent) with that of late responders (27 participants who completed the survey after follow-up emails had been sent). Note: this sample size is explained in table 1. This was done using a between subjects MANOVA with a dichotomous variable (representing whether participants were early or later responders) entered as the independent variable and the variables: *importance*, *culture*, *ethics*, *timepressure*, and *productivity* entered as dependent variables (these dependent variables are explained in the subsequent sections of this paper). Box's *M* test was not significant, $M = 14.18$, $F(15, 10\ 771.19) = 0.871$, $p>0.001$, and so the assumption of homogeneity of the variance-covariance matrices was judged to have not been violated. With the use of Wilk's criterion, the combined dependent variables were not found to be significantly related to whether the participants were early or later responders, $F(5, 81) = 0.439$, $p>0.05$. Accordingly, the effect of non-response bias was considered likely to be insignificant.

In addition, an analysis was conducted to assess whether the sample was biased with respect to firm size. While complete population data was not available, data was available from a large-scale survey of regional Australian accountants, which was part of an Australian Research Council linkage project and included 546 participants (Wines *et al.*, 2013). Data from this large-scale survey was used in the analysis to represent population data. The analysis is summarised in table 6.

The proportions of sample participants from different size firms in this study were found to not significantly vary from that of the population ($z < |1.96|$, $p>0.05$) and so, at least with respect to the number of partners, the

sample was judged to be likely to be representative of the population (Manning and Munro, 2007).

Table 6. Analysis of Sample Representativeness with respect to Firm Size.

Firm size (as represented by the number of partners in a firm)	**Participants from this size firm in this sample** (x)	**Total participants in this sample** (n)	**Proportion of participants from firms of this size according to Wines et al., (2013)** (pi)	**z**
1 partner	53	97	.48	1.27
2 partners	19	97	.24	-.91
3 or 4 partners	18	97	.22	-.71
5 to 10 partners	7	97	.06	.46
11 or more partners	0	97	.01	-.83

Note: z calculated as per Manning and Munro (2007, p. 47). Source: the Authors; Wines et al., (2013, p.165).

Participants' Perceptions of the Extent to which Creativity is Important for Their Role

Research Question 1 concerned participants' perceptions of the extent to which creativity is important for their role. Five items in the questionnaire were related to this concept. These are shown below and are herein referred to as *imp1* through *imp5*:

- *My job involves coming up with creative ideas to problems (imp1)*
- *My job requires me to think of new ways of doing things (imp2)*
- *My day-to-day work duties require me to be creative (imp3)*
- *It is important for me to be creative at work (imp4)*
- *Creativity is unnecessary for my role (imp5)* (reverse-scored)

The scale used for *imp1*, *imp2* and *imp3* included: *never* (coded as 1), *rarely* (coded as 2), *sometimes* (coded as 3), *frequently* (coded as 4) and *always* (coded as 5). The scale used for *imp4* and *imp5* included: *strongly disagree* (coded as 1), *disagree* (coded as 2), *unsure* (coded as 3), *agree* (coded as 4) and *strongly agree* (coded as 5).

For each participant, the mean across the five items was calculated to form a new variable (*importance*) (note: participants' responses for *imp5* were first reverse-scored). Item-to-total correlations and inter-item correlations were calculated. Items *imp1* to *imp5* were all found to display item-to-total correlations greater than the criterion of 0.50 (Hair *et al.*, 1998 cited in Manning and Munro, 2007, p. 26). They were also found to display inter-item correlations greater than the criterion of 0.30 (Hair et al., 1998 cited in Manning and Munro, 2007, p. 26). Principal components analysis was performed to examine whether the five items could be measured using a single underlying construct. Only one component was extracted with an eigenvalue greater than 1 and so unidimensionality was assumed. All items displayed loadings greater than the minimum criterion of 0.50 (Hair et al., 1998 cited in Manning and Munro, 2007, p. 26). Coefficient (Cronbach's) alpha for the five item scale was found to be good ($\alpha = 0.86$) (George and Mallery, 2012).

Descriptive statistics for this composite measure are shown in table 7. The mean and median responses (3.53 and 3.60 respectively) equate to a tendency to agree with the concept that creativity is important in regional accounting firms.

Table 7. Descriptive Statistics: *importance.*

	importance
Mean *(N=97)*	3.53
Standard error of mean	.070
Median	3.60
Minimum	2.00
Maximum	5.00
Standard deviation	.689

Source: the Authors.

Participants' Perceptions of the Extent to which Their Firm's Culture is Supportive of Creativity

Research Question 2 concerned participants' perceptions of the extent to which their firm's culture is supportive of creativity. Six items in the questionnaire were related to this concept. These are shown below and are herein referred to as *culture1* through *culture6*:

- *In this firm, we take the time needed to develop new ideas (culture1)*
- *People in this firm cooperate in order to help develop and apply new ideas (culture2)*
- *My work colleagues are always searching for fresh, new ways of looking at problems (culture3)*
- *My work colleagues encourage me to be creative (culture4)*
- *I am rewarded for my creativity at work (culture5)*
- *It is difficult to be creative at work (culture6)* (reverse-scored)

The scale used for these items included: *strongly disagree* (coded as 1), *disagree* (coded as 2), *unsure* (coded as 3), *agree* (coded as 4) and *strongly agree* (coded as 5).

For each participant, the mean across the six items was calculated to form a new variable (*culture*) (note: responses for *culture6* were first reverse-scored). Item-to-total correlations and inter-item correlations were calculated. Items *culture1* to *culture6* were all found to display item-to-total correlations greater than the criterion of 0.50. They were also found to display inter-item correlations greater than the criterion of 0.30. Principal components analysis was performed to examine whether the six items could be measured using a single underlying construct. Only one component was extracted with an eigenvalue greater than 1 and so unidimensionality was assumed. All items displayed loadings greater than the minimum criterion of 0.50. Coefficient (Cronbach's) alpha for the six item scale was found to be good ($\alpha = 0.85$) (George and Mallery, 2012).

Descriptive statistics for this composite measure are shown in table 8. The mean and median responses (3.68 and 3.83 respectively)

approximately equate to a tendency to perceive firm culture as moderately supportive of creativity.

Table 8. Descriptive Statistics: *culture.*

	culture
Mean *(N=89)*	3.68
Standard error of mean	.080
Median	3.83
Minimum	2.00
Maximum	5.00
Standard deviation	.751

Source: the Authors.

Participants' Perceptions of the Extent to which there is a Conflict between Creativity and Ethical Decision Making

Research Question 3 concerned participants' perceptions of the extent to which there is a conflict between their creativity and ethical decision making. Four items in the questionnaire were related to this concept. These are shown below and are herein referred to as *ethics1* through *ethics4*:

- *When making decisions, thinking creatively can help me adhere to ethical standards (ethics1)* (reverse-scored)
- *Avoiding creativity, makes it easier for me to make ethical-decisions at work (ethics2)*
- *I associate creativity in accounting with dishonesty (ethics3)*
- *When I am being creative, I am more likely to deviate from applicable accounting rules and principles (ethics4)*

The scale used for these items included: *strongly disagree* (coded as 1), *disagree* (coded as 2), *unsure* (coded as 3), *agree* (coded as 4) and *strongly agree* (coded as 5).

For each participant, the mean across the four items was calculated to form a new variable (*ethics*) (note: participants' responses for *ethics1* were first reverse-scored). Item-to-total correlations and inter-item correlations were calculated. Items *ethics1* to *ethics4* were all found to display item-to-total correlations greater than the criterion of 0.50. *Ethics3* was also found to display inter-item correlations greater than the criterion of 0.30. Items *ethics1*, *ethics2* and *ethics4*, however, displayed inter-item correlations which were lower than the criterion of 0.30 (0.038 for *ethics1* and *ethics4*, and 0.263 for *ethics2* and *ethics4*). Principal components analysis was performed to examine whether the four items could be measured using a single underlying construct. Only one component was extracted with an eigenvalue greater than 1. All items displayed loadings greater than the minimum criterion of 0.50. Coefficient (Cronbach's) alpha for the four item scale was found to be questionable ($\alpha = 0.66$) (George and Mallery, 2012). From this pattern of results it was decided to recalculate the composite variable using only items *ethics1* to *ethics3*. This new variable was found to have a slightly improved level of reliability ($\alpha = 0.68$) (George and Mallery, 2012).

Descriptive statistics for this composite measure are shown in table 9. The mean and median responses (2.36 and 2.33 respectively) approximately equate to a tendency to disagree with the concept of a conflict between creativity and ethical-decision making.

Table 9. Descriptive Statistics: *ethics.*

	ethics
Mean *(N=97)*	2.36
Standard error of mean	.071
Median	2.33
Minimum	1.00
Maximum	4.33
Standard deviation	.696

Source: the Authors.

Participants' Perceptions of the Extent to which there is a Conflict between Creativity and Productivity

Research Question 4 concerned participants' perceptions of the extent to which there is a conflict between their creativity and productivity. Four items in the questionnaire were related to this concept. These are shown below and are herein referred to as *prod1* through *prod4*:

- *I don't have time to be creative at work (prod1)*
- *When I try to be creative in completing client work, I am likely to exceed the time budget allocated for the work (prod2)*
- *I am able to be creative and productive at the same time (prod3)* (reverse-scored)
- *When I come up with a new idea, it helps me to work more productively (prod4)* (reverse-scored)

The scale used for these items included: *strongly disagree* (coded as 1), *disagree* (coded as 2), *unsure* (coded as 3), *agree* (coded as 4) and *strongly agree* (coded as 5).

For each participant, the mean across the four items was calculated to form a new variable (*productivity*) (note: participants' responses for *prod3* and *prod4* were first reverse-scored). Item-to-total correlations and inter-item correlations were calculated. Items *prod1* to *prod4* were all found to display item-to-total correlations greater than the criterion of 0.50. These items, however, all displayed inter-item correlations which were lower than the criterion of 0.30 (0.169 for *prod1* and *prod4*, .261 for *prod2* and *prod3*, and 0.021 for *prod2* and *prod4*). Principal components analysis was performed to examine whether the four items could be measured using a single underlying construct. Two components were extracted with an eigenvalue greater than 1. Items *prod1* and *prod2* displayed loadings on the first component, greater than the minimum criterion of 0.50. Items *prod3* and *prod4* displayed loadings on the second component, greater than the minimum criterion of 0.50. Item *prod3* also displayed loadings, on the first component, below the minimum criterion of 0.50. Coefficient (Cronbach's) alpha for the four item scale was found to be poor ($\alpha = 0.60$) (George and Mallery, 2012). From this pattern of results it was decided to recode these items into two separate composite measures: one using *prod1*

and *prod2* (representing participant's perceptions of the time pressures associated with utilising creativity: *timepressure*) and one using *prod3* and *prod4* (representing participant's perceptions of the extent to which there is a conflict between creativity and productivity: *productivity*). The new composite measure *timepressure* was found to have a poor, but not unacceptable, level of reliability ($\alpha = 0.59$) (George and Mallery, 2012). The new composite measure *productivity* was found to have improved reliability ($\alpha = 0.62$) although this level of reliability is considered questionable (George and Mallery, 2012).

Descriptive statistics for the relevant composite measures (*productivity* and *timepressure*) are shown in table 10. The mean and median responses (2.20 and 2.00 for *productivity* and 2.84 and 3.00 for *timepressure*) approximately equate to a tendency to disagree with the concept of a conflict between creativity and productivity, and a relatively neutral stance on the existence of time pressures associated with creativity.

Table 10. Descriptive Statistics: *productivity* and *timepressure*.

	productivity	timepressure
Mean *(N=95)*	2.20	2.84
Standard error of mean	.075	.083
Median	2.00	3.00
Minimum	1.00	1.00
Maximum	4.50	4.50
Standard deviation	.734	.813

Source: the Authors.

8. DISCUSSION AND CONCLUSIONS

The results presented above become particularly meaningful when considered within the context of pre-existing literature. Accordingly, the results are now discussed for each research question along with relevant literature.

Research Question 1

Research question 1 sought to identify the extent to which regional accountants perceive creativity to be important for their roles. Creativity is indeed important in the accounting profession and, as eluded to in the

introduction, this is particularly true for regional firms. Limited prior studies address the issue of whether this importance has been acknowledged by accountants and no known studies have addressed this issue in a regional context. The mean rating of the importance of creativity (3.53 out of 5) suggests that creativity is, at least to some extent, valued in regional Australian accounting firms. This study supports previous findings of Bryant *et al*. (2011) and Jeacle (2008) that, despite creativity being commonly perceived as incongruous with accounting, accountants do consider it to be important.

Research Question 2

Research question 2 sought to identify the extent to which regional accountants perceive their firms' cultures to be supportive of creativity. While prior research suggested that traditional accounting firms have bureaucratic cultures which do not support creativity, this study's results suggest that regional firms are instead likely to have reasonably innovative cultures. Specifically, with a mean rating of 3.68 out of 5 for firm culture, this study found that regional Australian accounting firms are perceived to provide moderate support for creativity.

One potential explanation for this is the size of regional firms. Generally smaller in size (than their metropolitan counterparts), regional firms are therefore more likely to have informal hierarchies and less rigid control systems which allow for greater creativity (Pratt and Beaulieu, 1992).

Alternatively, the results may be indicative of a wider movement in the profession, which Jeacle (2008, pp. 1-2) describes as "a transformation in the scope of the accountant's role from 19th century clerk to 21st century consultant". The study's findings might indicate that accounting firms, fuelled by rapid globalisation and technological advances, are breaking away from their traditional stereotypes and embracing creativity within their organisational cultures (ACCA, 2012; Briggs *et al*., 2007; AICPA, 2013).

Research Question 3

Research question 3 sought to identify the extent to which regional Australian accountants perceived a conflict between their creativity and ethical decision-making. Prior studies suggested that the dominant perception within society at large was that there was indeed a significant conflict between accountant's creativity and accountant's ethical decision-making. Specifically, Bryant *et al*. (2011) found that popular public

perceptions of the term 'creative accounting' were linked with the idea of deception. Similarly, McDowall and Jackling (2010) and Inman *et al* (1989) found that students perceived accounting as extensively rule-based (where creativity can then represent unethical deviation from the rules).

The results of this study, however, suggest that this perception is not held by the majority of regional Australian accountants. The mean rating for *ethics* (2.36 out of 5) instead indicates that, overall, the accountants tended to disagree with the concept of a conflict between creativity and ethical-decision making.

These results support the findings of another study by Bryant *et al*. (2011), which revealed no correlation between accountants' ethical position and their creativity. This study also lends support to the suggestion that rather than conflicting with ethical-decision making, creativity may in fact facilitate ethical decision-making as "…creative individuals …tend to have higher levels of moral development and are better able to make decisions in uncertain ambiguous situations" (Bierly *et al*, 2009, p. 108).

Research Question 4

The final research question sought to identify the extent to which regional accountants perceived a conflict between their creativity and productivity. Prior research suggests that there is a significant conflict between productivity and creativity. Specifically, Kachelmeier *et al*. (2008) found that rewarding creativity can be to the detriment of production volume. While Amabile *et al*. (2002), and Shalley*et al*. (2004) found that an overemphasis on productivity goals can be to the detriment of creativity.

The results of this study provide some contrasting results to this prior research: with regional Australian accountants tending to disagree with the concept of a conflict between creativity and productivity (the mean rating for *productivity* was 2.20 out of 5). Similarly, the results also suggest the accountants had a relatively neutral perception of the existence of time pressures associated with the use of creativity (the mean rating for *timepressure* was 2.84 out of 5).

Studies by Amabile *et al*. (2002) and Andrews and Farris (1972) provide a possible explanation for these findings. Amabile *et al*. (2002) found that high levels of employee creativity are possible in situations with extreme time pressure. While Andrews and Farris (1972) found that time pressure can in fact be positively associated with innovation.

Another explanation for the contrast between this study's findings and some prior research, is that there may in fact be a conflict between the

accountant's creativity and productivity, but this conflict may not be perceived by regional Australian accountants. Amabile *et al*. (2002) found evidence that while time pressure may cause people to think less creatively, people may in fact perceive themselves as being more creative when under this time pressure.

Implications, Limitations and Recommendations for Further Research

This study provides valuable insight into the accounting profession in regional Australia; specifically it suggests that regional Australian accounting firms do, to some extent, recognise and encourage the creativity they require to adapt to the unique challenges they face. These positive results however, should not lead to disdain for this issue. More than moderate support for creativity is likely needed to facilitate and sustain creativity in regional firms and further research is recommended with regards to how regional accounting firms can provide this support. Research could investigate, for example, which specific techniques and performance measurement systems were used in the firms that were considered to be more than moderately supportive of creativity.

This study also provides useful information for the professional accounting bodies and accounting education providers. Attempts have been made by these organisations to attract creative individuals to the accounting profession and incorporate creativity skills in the accounting curriculum (ALTC, 2011; Jeacle, 2008). This study provides support for these efforts, suggesting that creative skills are indeed something considered of importance to the profession, and that, despite public perception of the contrary, creative people should not feel out of place within the profession.

Similarly, this study supports the focus of current regional policy on improving human capital in order to "enhance the innovation and productive capacity of a workforce" (RASC, 2013, p. 3). With organisational cultures supportive of creativity, regional firms should be well positioned to leverage further investments into the education and skills of the regional accounting workforce. Indeed, this study suggests that investment in human capital should remain a priority for regional policy-makers.

The theoretical contributions of this study include its challenges to prior ideas of creativity and productivity as being inversely related; this study supports the existence of a more complex relationship between these two concepts. Accordingly, further research should focus more closely on moderating factors such as: focus and motivation (as identified by Amabile

et al. (2002)). Similarly, this study challenges the existing literature on accounting stereotypes, suggesting that the unethical connotations of the 'creative accountant' do not prevail in regional Australian accounting firms. On this note, the authors suggest further attention be given to the theory that creativity can in fact facilitate ethical-decision making (see discussion in section 4 and research by Bierly *et al* (2009), Buchholz and Rosenthal (2005), and Teal and Carroll (1999)).

Methodologically, this paper contributes a multiple-question likert-scale model for measurement of concepts related to creativity in accounting firms. Uniquely utilised in a regional setting, this model allows for potential replication of this research in a variety of contexts. The approach of obtaining perspectives from *within* the accounting profession also contributes to the unique methodological design of this research.

This study is subject to several limitations. Specifically, the quantitative nature limits the study's sensitivity to specific contextual influences, such as a high proportion of a firm's clients being from one specific industry. Accordingly, opportunities for future research include investigating the effects of organisational culture in accounting firms specifically using qualitative approaches, such as in-depth interviews. In this regard, it would also be beneficial to vary the unit of analysis to allow more accurate analysis of culture at firm and department level.

A more accurate analysis of culture could also be made using lengthier measures for variables. The researcher deliberately included short-measures in order to improve the ease with which participants could complete the questionnaire. For example, for firm culture a six item composite measure was used rather than, for example, the 38 item TCI as developed by Anderson and West (1994). These short-measures are unlikely to prove as reliable as lengthier alternative measures.

Another limitation, common with survey research, concerns the study's generalisability. The small sample size, along with the non-random sampling approach, limits the generalisability of the study's findings. The analysis of bias, presented with the results, did however, alleviate this concern to some extent. A final recommendation for further research concerns this issue of generalisability; this study could be replicated in a non-regional setting allowing nation-wide generalisation of the results, as well as comparisons between regional and non-regional areas.

In conclusion, this study has made significant headway into an ongoing investigation of creativity in accounting firms. While the findings of this study are largely reassuring for regional firms, further investigation is still needed.

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