

# How Chinese Auditors' Relativistic Ethical Orientations Influence Their Love of Money

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## Abstract

Love of Money (LMOS) theory is well developed and widely used in studying people's beliefs about money (Luna-Arocas & Tang 2004). This study examines the views of 612 Chinese auditors and establishes that the ideological positions adopted influence how they regard money and that these positions are related to underlying cultural norms. Forsyth's (1980) EPQ is used to establish a viable model, which establishes that relativism strongly influences Chinese auditors' attitudes towards money and has important implications in terms of the impact on the accounting profession in that rapidly growing nation.

## Significant terms

Love of money, ethical ideology, Chinese auditors, cultural norms

## Introduction

Chinese Premier Deng Xiao Ping is often credited with saying "Zhibu guāngróng", which translates, "To be rich is glorious." (Iritani, 2004) Many commentators believe that this statement, part of the drive to open the economy to the rest of the world, provided individual Chinese with the incentive to unleash a repressed yearning to enter the marketplace and demonstrate an instinctive ability and drive to make money. (e.g., Bloomberg Business week, 2006) The sage Confucius provided an early insight into what motivates many of China's denizens when he wrote: "The Superior man knows what is right. The inferior man knows what will sell." (Wilkinson, 1996) As a moralist of the first order, Confucius encouraged the establishment of a set of traditional cultural norms, which he believed citizens ought to aspire to achieve and live by and he deprecated the role of the merchant, who he ranked last in the list of desirable forms of employment (Wilkinson, 1996). Confucius, writing two and a half thousand years ago was obviously aware of the questionable practices that pervaded the marketplace even in those times. But are these practices part of a desire to achieve loftier ambitions, that of becoming rich and accumulating wealth? The People's Republic of China seems an ideal location to undertake a study that examines attitudes towards money, especially as it emerges from an economically restrictive period of Maoist socialism to one that embraces a form of managed capitalism. Firstly, China's history is long and complex and steeped in Confucian tradition that is itself complicated although well studied from a psychological perspective. (e.g., Hofstede and Bond, 1988 and Bond, 1991, 1996) The tradition espouses moral perspectives that are worthy and have encouraged the establishment of a strong societal fabric that has adorned China's development over past millennia. Secondly, China's recent economic growth has fueled concern about high levels of corruption within business and government (BMI China Commercial Banking Report, 2010), an issue that threatens ongoing development and against which China's corporate govern-

ance framework is patently unprepared. Confucius' derogatory remarks about the merchant class seem somewhat justified by the events of recent times.

This does not imply that the Central Government is unaware or unconcerned about this negative byproduct of economic growth and one of its strategies for dealing with the problem has been to establish an independent accounting profession (i.e., China Institute of Certified Public Accountants), bestowing upon it the role to undertake financial audits of local and international firms, using well established guidelines supported by recently published regulations and standards founded on recognized western assurance models. The demand for accountants in China is great, but the path to gaining professional status within the CICPA is not easy and expectations are high. According to its latest website (<http://www.cicpa.org.cn>), the CICPA has over 180,000 individual members including over 95,000 practicing members and 83,000 non-practicing members.

This research assumes that Chinese CICPA members desire to be seen to strive to love truth rather than wealth, in conformity with the Confucian analect that states: *The Superior man is anxious lest he not get truth, he is not anxious lest poverty come upon him* (Analects, Book 15, C-31). To this end, this paper describes the study of a relatively small, but representative sample of CICPAs employed as auditors in local Chinese accounting firms and aims to address the questions raised above.

## Literature review

### *Chinese cultural values*

A global compositional model for predicting value orientations at the national level emerged from the Hofstede (1980) study, which used a comprehensive IBM data base of perceptions to classify countries into identifiable cultural groupings, based on the extent to which citizens identified with four apparently universal constructs. A subsequent review of Mainland Chinese operatives by Chong et al. (1983) placed China in the same category as Taiwan (i.e., less developed Asian group). The four Hofstede con-

structs are listed in Table 1 and were identified following a factor analysis of standardized data. The major construct included both positive and negative correlates which Hofstede titled Individualism/Collectivism and Power distance respectively. Individualism/collectivism represents a worldview associated with the degree to which people integrate into groups and is a popular way of separating values within national settings. The citizens of western developed countries tend to identify more with individualist positions compared to people from the east (viz., Asian countries), who are more disposed to exhibit collectivist traits. Power distance describes a worldview which recognized that power was unequally distributed within society. The existence of inequalities between peoples is acknowledged and endorsed through respect for the leadership.

The construct Masculinity/femininity refers to a worldview, which identifies people as tending to express value orientations that extol either competitiveness, ambition and assertiveness (i.e., masculine traits) or values that identify more with caring, nurture and modesty (i.e., femininity). Finally, Hofstede and Bond (1988, 7) likened the fourth construct, Uncertainty avoidance to ‘man’s search for the truth’ and is meant to translate into a degree of association with absolute truth as dictated by a significant other. Hofstede maintained that although the constructs were based on an instrument applying western expressions and ideas, they could be applied in non-western settings. In order to address the criticism that his research lacked cultural equivalence, Hofstede collaborated with a number of Asian contributors (The Chinese Cultural Connection, 1987), which resulted in a Chinese Values Survey (CVS) instrument. The CVS instrument was modeled on that developed by Ng et al. (1982) and respondents from 22 countries were asked to express their views (using a nine-point scale) about the importance of forty values. The factor elements identified in this study overlapped the initial Hofstede constructs.

| CVS Constructs          | Hofstede Constructs                              | Correlation                      |
|-------------------------|--|----------------------------------|
| Integration             | Power distance<br>Individualism/<br>Collectivism | Negative<br>Positive             |
| Human heartedness       | Masculinity/<br>Femininity                       | Positive                         |
| Moral discipline        | Power distance<br>Individualism/<br>Collectivism | Positive<br>Negative             |
| Confucian work dynamism |  | No significant intercorrelations |
|                         | Uncertainty avoidance                            | No significant intercorrelations |

Table 1: Significant intercorrelations between Hofstede/CVS dimensions

As illustrated in Table 1 above, the CVS constructs of Integration, Human heartedness and Moral discipline were found to be close equivalents to three of the original Hofstede values constructs (further establishing a set of universal norms). Respondents did not rate values relating to Uncertainty avoidance highly and no significant correlates were established between the two surveys. The CVS study did, however identify Confucian work dynamism as a new construct, which Asian countries included in the CVS expressed high scores.

Table 2 lists traditional values that Hofstede and Bond (1988) believe refer to two distinct divergent aspects of the Confucian worldview. They believe the values with positive factor scores

were seen to place an emphasis on the future, whereas the opposing set of values related to concerns about maintaining the status quo and respect for past events and established relationships. For example, having a sense of shame allows one to reflect on how one may do better in the future, while reciprocation relates to one’s concern about maintaining existing relationships.

| + factor scores            | - factor scores                         |
|----------------------------|---|
| Persistence (perseverance) | Personal steadiness (reliability)       |
| Ordering relationships     | Protecting your face                    |
| Thrift                     | Respect for tradition                   |
| Having a sense of shame    | Reciprocation (of greetings, gifts etc) |

Table 2: Values associated with Confucian dynamism

*Ideological predispositions*

Schlenker and Forsyth (1977) suggest that individuals vary in their outlook, adopting strategies to deal with ethical issues that encompass two independent orientations, namely idealism and relativism. Idealism involves the maintenance of universal moral rules, with an emphasis on the welfare of others, while relativism focuses more on the circumstances, which can accommodate a self interest component. Using these moral premises, Forsyth (1980) developed a 20-item Ethics Position Questionnaire (EPQ) to assess individual ethical orientations along relativist and idealist dimensions. The first set of ten questions presents idealist positions providing respondents with an opportunity to moderate their perspectives along a nine-point Likert scale. Idealism in its extreme form presents the moral principle that any behavior that disadvantages one or more parties is unacceptable. Untenable in most everyday situations, a respondent is expected to indicate a less intense position allowing them to apply some form of speculative formulation or heuristic when recording a position along the continuum. It is apparent from the wording of the questions, that the individual is able to consider the importance of various deontological alternatives, including the rule of law, justice and moral imperatives.

Relativistic orientations are measured using an additional ten questions and include meta-ethical statements suggesting that many fundamental moral disagreements cannot be rationally resolved, and on this basis moral judgments embodied in laws and traditions lack moral authority or normative force. (Swoler, 2003) Forsyth (1980) contends that within the framework of the test instrument relativism measures the degree to which individuals reject universal moral norms in making ethical judgments. A number of research studies have applied the EPQ to explore various interest groups, including mainly business students and career professionals. Most non-Chinese studies use variously constructed dimensions for idealism and relativism to assess whether relationships with ethical judgment making can be identified (e.g., Shaub et al., 1993; Barnett et al , 1994, 1996, 1998; Douglas and Schwartz, 1999; Singhapakdi et al, 2000; Chui and Stemberge, 2001; Davis et al., 2001 and Douglas et al., 2001). The findings are generally unanimous in their observation that respondents taking an idealistic position rate unethical activities more conservatively than their relativistic counterparts. Idealists identify more with a need to adhere to principles (generally codified in some form), which support decisions that avoid harm and maximise the welfare of society. Relativists on the other hand question the validity of societal rules and regulations and maintain a situational perspective.

Past researchers have tended to identify Chinese subjects as demonstrating relativistic tendencies (Dolecheck and Dolecheck, 1987; Hampden-Turner and Trompenaars, 1993; Ralston et al, 1995; Jackson et al., 2000), or less idealistic than their

western counterparts (Whitcomb et al., 1998), citing self-interest and profit seeking as motivating factors. Studies examining the ethical orientations of Chinese business personnel utilising the EPQ are less in evidence.

#### *Attitudes towards money*

Crawford (1994) reports that the word 'money' is associated with the Roman goddess *Moneta*, an archetype for wealth and prosperity, potential objects of worship. It is the internal representation of the benefits that are associated with possessing much money that leads to covetousness and a 'love of money' in the traditional sense, a clearly moral issue. Mammon or the personification of wealth is seen as immoral and is strongly prohibited in the Bible (e.g., Luke 16:13 and Timothy 6:10). The moral issue that arises from the pursuit of money concerns its (mis)use as an end in itself rather than a means to an end.

In the sections that follow, a case is made to associate attitudes towards money with one's ethical orientation, which can be seen as dependent on cultural and environmental issues discussed above. For example, it can be argued that a person's idealistic tendencies, which include a respect for the welfare and rights of others are more likely to allow them to consider money as the vehicle for making effective use of available factors of production for the greater good. The fact that he or she also benefits materially is seen as worthy of approbation (i.e., ethical).

The situation changes however when money is sought chiefly for the benefits it can achieve for the owner (i.e., the personification of wealth). Others may benefit from business decisions, but this is secondary to the chief purpose (e.g., equivalent to firms maximizing profits for the benefit of a select group of stakeholders). Taken further, selfish ambition allows one to apply ethical positions that consider situational morality, opportunism and relativistic beliefs as alternatives to what is right and fair.

Considerable research has been completed in recent decades, which attempts to identify the attitudes of people towards money. At least three sets of constructs have been derived and used widely in various environments and cultures. The Money Beliefs and Behavior Scale (MBBS), was developed by Furnham (1984) and identified six distinct factors defined as obsession, power, retention, security, inadequacy, and effort/ability. An alternative scale, titled the Money Attitude Scale (MAS), was developed by Yamauchi and Templer (1982) as part of their research into the effect of money attitudes on consumer behaviour. They used the MAS to determine five attitudinal factors, namely power-prestige, retention-time, distrust, quality, and anxiety. They found that money acts as a motivating factor for consumers and enhanced self-esteem. Tang (1992) proposed a 50-item ethical scale based on a number of money attitude theories (Maslow 1954, Werimont & Fitzpatrick 1972, Furnham 1984 and Yamauchi & Templer 1982). The resulting Money Ethic Scale (MES) has 30 items, which factored into six constructs each demonstrating a motivational context: affective (good and evil), cognitive (achievement, respect, power), and behavioural (budget). In 1995 Tang and his associates (Tang et al, 2003) went on to develop a number of versions of the MES before finally presenting a case for a Love of Money Scale (LOMS) consisting of 17 items from the 30 items included in the original MES. (Tang and Chui, 2003)

These items factor into four dimensions (refer Appendix A), namely Motivator, Success, Importance and Rich. The Motivator aspect of the LOMS represents a behavioural component driving people to attain money and wealth as a means of satisfying personal desires and ambitions. Importance and Success on the other hand are cognitive components allowing individu-

als to make reasoned judgments about the value of money in the decision making processes of life. These three concepts of money may be presented as the means to achieving such desirable psychosocial ends as happiness, satisfaction with life and work, security, prestige, independence, social acceptability and self-esteem. (Hanley and Wilhelm, 1992) The final component, Rich, is described by Tang and Chui (2003) as an affective aspect of wealth attainment that becomes a 'temptation to fall into evil' (p, 21), an end in itself that does not require any self-justification.

Tang and Chui used the LOMS in their study of 211 Hong Kong employees and established a good fit using Confirmatory Factor Analysis and this has been validated in later studies. It was tested by using 5,341 employees in 26 geopolitical entities across five continents with different languages, cultures, and religions (Luna-Arocas & Tang 2004 p. 332). Results suggest that the LMOS is a reliable and valid scale for measuring people's attitudes towards money. Du and Tang (2005) tested the invariant factorial structure of the LMOS on a Chinese sample using confirmatory factor analysis. Results from 319 Chinese graduate students confirmed the measurement invariance of the LOMS.

The LOMS has been used with Asian respondents to examine the effect of attitudes towards money on such issues as satisfaction with pay and ethical judgment (Tang and Chui (2003) – Hong Kong employees). In that study, money was found to be a "mediator in the process of the income-behavior relationship" (p. 25), suggesting that people with lower incomes are more inclined to demonstrate unethical behaviour. In addition, those with high Rich scores are likely to be part of a younger generation of materialists. A recent study reported by Durvasula and Lysonski (2010) used the related MAS to study the money attitudes of 127 young Chinese and found that materialism is affected by the power-prestige and anxiety dimensions, but unaffected by the distrust dimension of money. At the same time achievement vanity is affected by the power-prestige dimension of money attitudes. Other recent studies involving the attitudes of Asian and particularly mainland Chinese subjects appear limited and none were found that involve an examination of attitudes and beliefs associated with LOMS.

## **Methodology and research questions**

In their Love of Money paper relating to Hong Kong employees, Tang and Chui (2003) provide an insightful discussion of money and how it has influenced the way people view it as both a means to an end and an end in itself. Money, as a utility serves useful commercial purposes, lubricating the wheels that drive the world economy and providing a universal language by which business activity is facilitated. In this context, money can hardly be labeled in a negative fashion. However, as Tang and Chui explain, when money and the things money can buy become a focus of worship, it provides an opportunity for evil. Their paper uses the LOMS as the 'root' by which it is possible to identify aspects of evil intention.

They attempt to discover whether 'love of money is the root of all evil' within the constraints of a research paradigm that involves an examination of the direct and indirect effects (via pay satisfaction and organisational commitment) of the proxy (LOMS) on the other proxy for evil (i.e., attitudes towards various forms of unethical behaviour). Their findings confirm the hypothesis that the love of money supports the pursuit of evil, in the context that Hong Kong employees who rate highly with respect to one or more of the four LOMS constructs (Motiva-

tor, Success, Importance and Rich) are more likely to view various forms of economic abuse of power, position and resources as acceptable. At the same time, levels of income are found to be negatively associated with LOMS while having no effect on attitudes towards unethical activities (viz., abuse of power, position and resources). Hence, as Tang and Chui claim, "The love of money is the root of evil, money is not". (2003, p. 13)

What the authors do not directly address in their paper is the question as how moral constructs are likely to affect the way people view the elements associated with the LOMS? Georg Simmel (1858-1918) claimed in his seminal work *The Philosophy of Money* that money plays a major sociological role on the social and cultural interactions of a community. As a community becomes obsessively driven by money it shapes many spheres of a consumer's life. Money develops into a psychological force that serves as a means to some end – that end could be materialism or vanity (Ritzer 2008). Do individuals in a community apply a moral cognitive process to the task of deciding how relevant money is with respect to their goals and ambitions or does an emotive impulse (call it worship or love) cause them to blindly pursue the 'root' to the 'evil' as defined by Tang and Chui? Are there any moral antecedents to the process and does one's cultural perspectives influence the journey?

This research aims to examine these questions using validated instruments (i.e., CVS questionnaire, EPQ and LOMS) as part of an exploration of the relationships between antecedents to the attitudes that individuals demonstrate towards money within the context of a cross-sectional field study. The design constructs portrayed in Figure 1 have been arranged to examine how a sample of Chinese CPAs employed as auditors within local firms connect with the elements associated with the Love of Money and whether a particular set of variables can explain or predict these associations. The data were collected as part of a larger doctoral research study into the ethicality of Chinese auditors (Fan, 2006) and which, for the reasons discussed above are believed to provide rational cognitive explanations as to why the auditors hold specific attitudes towards money. In this context, this current study is exploratory and incremental in structure, addressing the following research questions:

RQ1 How do Chinese auditors identify with the cultural norms specified in the Chinese Values Survey (CVS)?

RQ2 What are the ethical orientations of Chinese auditors as determined by the Ethical Position Questionnaire (EPQ)?

RQ3 Is there a relationship between Chinese cultural values and the ethical orientations of Chinese CPAs?

RQ4 What attitudes do Chinese auditors display towards money as assessed by the Love of Money Survey (LOMS)?

RQ5 Can cultural values and ethical orientations together help explain why Chinese auditors hold specific attitudes towards money?

As explained in the introduction to this paper, Chinese auditors were specifically identified as a group worthy of investigation mainly because they are required, as trained professionals to act independently and objectively in an assurance process where they, like their western counterparts, are employed to protect the interests of a growing local and international group of business stakeholders. Are they likely to exhibit characteristics that make them vulnerable to error or misjudgment as they pursue personal interests (e.g., desire for wealth) or will their training and experience as professional accountants cause them to identify with ethical positions, which discourage attitudes towards money that serve these interests? The economic and social dynamics associated with China's changing face certainly adds impetus to a study of this nature.

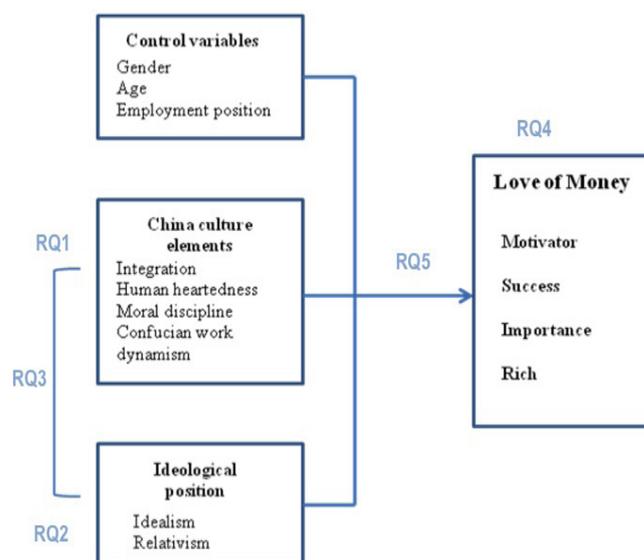


Figure 1: Antecedents associated with Love of Money

### Data collection and analysis

The survey instruments included a self-administered questionnaire that included demographic information, Chinese Values Survey (28 items), Ethics Position Questionnaire and Love of Money Survey (refer Appendix A) questionnaires. A Chinese expert (who speaks fluent English and Mandarin) was engaged to translate the scales from English to Chinese. Another Chinese expert then translated the scales back to English from Chinese to ensure equivalence in both languages.

The sample of Chinese auditors was drawn from local accounting firms in major centres, namely Shenzhen, Hangzhou, Beijing, and Kunming. The data collection was supported by branches of CICPA located in each city. A covering letter and questionnaire were emailed to the Secretaries-General of these professional bodies. Copies of the instrument were printed and distributed to auditors registered with the CICPA during training sessions and conferences. Completed papers were subsequently collected and posted back to the researcher. An effort was made to obtain usable questionnaires from a representative sample of China regions. Agents acting on behalf of the researchers indicated that auditors were expected to take the instrument seriously and made every effort to collect them during group meetings, limiting the effect of a non-response bias. Social desirability bias was limited as respondents were assured of the anonymity of responses. Twelve hundred questionnaires were issued and 612 usable responses were included in this study. Basic demographic data for this sample is provided in Table 3 (p.24).

The predominance of relatively younger professionals occupying junior roles in local accounting firms probably reflects the recent development of the profession and availability of accounting graduates from universities benefiting from China's recent economic growth. Males and females are equally represented in the sample.

### Culture data

The CVS instrument, which has been validated in *The Culture Connection* (1987) and applied in comparative studies completed by Ralston et al (1992) and Chang and Ding (1995), was used in this study to identify the extent to which Chinese

auditors hold to relevant characteristics and which fall into four distinct groupings (refer Tables 1 and 2). In addition, action is taken to divide the construct Confucian Work Dynamism into two components representing future and past oriented values perspectives. For this purpose 28 of the original 40 items were included as best representing relevant Chinese values. The items represent value terms that respondents were required to rate using a nine-point scale (1 representing 'Of no importance' through to 9 representing 'Of supreme importance'). The mean scores for each item are provided in Table 4, organized within the prescribed dimensional format determined by The Culture Connection. (1987)

|                 | Total (n= 612) |
|-----------------|----------------|
| <b>Age</b>      | %              |
| 20-30 years     | 43             |
| 31-40 years     | 38             |
| 41-50 years     | 11             |
| Over 50 years   | 8              |
| <b>Gender</b>   |                |
| Male            | 51             |
| Female          | 49             |
| <b>Position</b> |                |
| Auditor         | 46             |
| Senior auditor  | 10             |
| Project manager | 22             |
| Dept Manager    | 10             |
| Partner         | 8              |
| Senior partner  | 4              |

Table 3: Sample demographics for China CICPAs (percentages)

The raw scores in themselves do not provide any clear insight into how modern Chinese view various groups of values. Some individual values are clearly considered less important than most others (i.e., trustworthiness, filial piety, protecting face and prudence) and the culture groupings are somewhat similar in terms of the spread of ratings. A comparison of scores was made with the results identified in a study completed by Woodbine (2004), which reported the results of a survey involving 400 financial sector employees living in the Shenzhen Special Economic Zone. The same CVS instrument was used, and although there was some similarity in the scoring pattern, few of the individual items were statistically aligned.

| CVS I<br>(Integration)         |      | CVS II<br>(Confucian Work Dynamism) |      |
|--------------------------------|------|-------------------------------------|------|
| Value                          | Mean | Value                               | Mean |
| Tolerance of others            | 8.24 | <i>Future</i>                       |      |
| Harmony with others            | 6.54 | Ordering relationships              | 6.81 |
| Solidarity with others         | 6.90 | Thrift                              | 6.33 |
| Non-competitiveness            | 7.53 | Persistence                         | 6.89 |
| Trustworthiness                | 5.01 | Having a sense of shame             | 6.48 |
| Contentedness                  | 7.63 | <i>Past</i>                         |      |
| Being conservative             | 8.20 | Reciprocation*                      | 7.82 |
| A close friend*                | 6.73 | Reliability*                        | 7.83 |
| Filial piety*                  | 4.65 | Protecting your 'face'*             | 4.76 |
| Chastity in women*             | 7.00 | Respect for tradition*              | 5.93 |
| Patriotism*                    | 6.11 |                                     |      |
| CVS III<br>(Human-heartedness) |      | CVS IV<br>(Moral discipline)        |      |
| Value                          | Mean | Value                               | Mean |
| Kindness                       | 7.21 | Moderation                          | 7.01 |
| Patience                       | 7.47 | Keeping oneself pure                | 7.83 |
| Courtesy                       | 7.34 | Having few desires                  | 7.56 |
| Sense of righteousness*        | 7.42 | Adaptability*                       | 7.37 |
|                                |      | Prudence*                           | 4.96 |

\* Negative factor correlates

Table 4: Four dimensions of Culture identified by CVS

The five culture dimensions are useful in the analysis of group data if applied in the appropriate manner. (The Culture Connection, 1987) In this instance, constructs that loaded negatively within the factor model were reversed and all 28 item values were standardized in order to reduce the impact of any response bias. Individual index constructs were derived from the mean value of the standardized scores.

#### Ethical orientations

Raw statistical data relating to the Ethical Position Questionnaire (EPQ) are provided in Table 5 within regions and are somewhat similar. Mean scores are calculated based on the nine-point response scale over each set of ten questions and all are significantly greater than the mid-point for each continuum. According to the typological model developed by Forsyth (1980), the auditors as a whole could be classified as Situationists, which implies that they score high on both constructs and would likely appreciate the need to consider both deontological and teleological issues when examining moral dilemmas, creating a tension that causes them to reject one process (Forsyth (1980) suggests Idealism) for the other, depending on the circumstances and the intensity of other motivating factors.

|                        | Beijing<br>(n = 59) | Shenzhen<br>(n = 183) | Hangzhou<br>(n = 201) | Kunming<br>(n = 169) | Total<br>(n = 612) |
|------------------------|---------------------|-----------------------|-----------------------|----------------------|--------------------|
| <b>EPQ constructs*</b> |                     |                       |                       |                      |                    |
| Idealism               | 6.65                | 6.80                  | 6.61                  | 6.70                 | 6.70               |
| Relativism             | 5.44                | 5.87                  | 5.76                  | 5.60                 | 5.72               |

\* Averages based on original ten item scores (1-9 as recommended by Forsyth et al.)

Table 5: Mean scores for ethical orientations within regions

The validity of the EPQ scales (including the two dimensions Idealism and Relativism) were tested using Confirmatory Factor Analysis and the results suggest that there is a good fit between the default measurement model and the China data for the EPQ ( $X^2 = 54.77$ ,  $df = 56$ ,  $GFI = 0.974$ ,  $RFI = 0.953$  and  $RMSEA = 0.000$ ).

#### Relationship between orientations and Chinese culture dimensions

As explained in the literature review, three of the constructs identified by The Culture Connection (1987) have their equivalents within a global context (refer Table 1) and include Integration, Human heartedness and Moral discipline. The culture construct Confucian work dynamism however is seen to exist independently and contains its own set of values relevant to individuals living in Asia. The sets of values are likely to be established in the minds of individuals as they grow and learn and will consciously or unconsciously interact with and influence moral development, including the heuristics used to identify solutions to the many business dilemmas they ultimately face. These values would be reflected in the cognitive process applied when they (auditors in this study) expose their ethical orientations within a survey. The data provided by the sample of 612 Chinese CPAs establishes a significant relationship between the relevant variables and can be observed in the bivariate correlations produced in Table 6 (p.25). The correlations are all highly significant and range from 0.36 to 0.49 for Idealism and 0.11 to 0.24 for Relativism. The negative relationship observed with Work dynamism past is a function of the way the value scores were reversed when calculating the culture index. What is apparent from these observations is that cultural norms play a large role in determining ethical orientations, particularly with

respect to Idealism and to a lesser extent, Relativism.

#### Attitudes towards money

The LOMS developed by Tang et al., (2003) was used in this study and descriptives for each of the four underlying dimensions (Motivator, Success, Importance and Rich respectively) are summarized in Table 6 (range of possible scores 1-7). Mean scores for the Motivator and Success constructs are only marginally greater than the mid-point however the auditors expressed strong attachment to the Importance (cognitive) and Rich (affective) constructs. The validity of the 17-item instrument as a measure of the Love of Money was tested using Confirmatory Factor Analysis, which established the existence of four constructs, although not all items factored into the model. The CFA produced a default model of good fit ( $X^2 = 16.34$ ,  $df = 13$ ,  $GFI = 0.993$ ,  $RMSEA = 0.021$ ). The extent to which different demographic groups of auditors related to the LOMS items are summarized in Table 7 (p.26).

It is interesting to note that all demographic groups identify strongly with the Importance and Rich constructs of the LOMS. Auditors clearly respond to the notion that money plays an important role in business as an objective and meaningful measure of wealth and medium of exchange. However, they are also unanimous in their agreement that more money means a better life from a materialist perspective. The statistics reveal that females and the oldest age group (over 50 years) demonstrate significantly more moderate views about all or most aspects of money compared to their younger male counterparts.

The final research question (RQ5) necessitated the creation of a set of regression tests involving the variables available for analysis in order to identify parsimonious outcomes that best refer to each of the Love of Money constructs (refer Figure 1). In this study, the grand mean score for each set of questions making up a LOMS construct are used as dependent variables against which predictor variables are regressed. As the research is exploratory in nature, a Backward Linear Regression approach was adopted in that it deals better with suppressor effects and reduces the risk of a Type II error (Field, 2005). All necessary assumptions were considered, including multicollinearity (e.g., correlations associated with culture constructs are not believed to be overly high). Results of the multivariate analysis are summarised in Table 8 (p.26).

Five stable regression models are produced each with a meaningful goodness of fit and associated residuals for all models appear uncorrelated (Durban-Watson approaching 2). Research Question 5 has been addressed and identified predictor variables, which can be explained, suggesting that auditors' relativistic positions appear to play a major role in determining attitudes towards money. Other interesting associations will be addressed in the next section.

## Discussion and conclusion

This study has been arranged to gather psychometric data from a sample of Chinese auditors and its thesis is concerned with gaining group perspectives on what values they consider important (CVS instrument), their ethical positions (EPQ) and their attitudes towards money (LOMS). Further, the research questions raised rely on an important assumption that cultural values as well as ethical predispositions have a bearing on money attitudes. These have been examined and the results reported in the last section.

Chinese auditors identify in a positive way with most of the cultural norms, including those considered peculiar to the Asian region, i.e., Confucian work dynamism. Table 4 addresses RQ1 and it is interesting to note that auditors appear less concerned with some of the older traditional values, including filial piety, considered a priority amongst earlier generations. (Bond, 1991) Ethical orientations and RQ2 are addressed in Table 5. The auditors display above average scores in relation to both constructs, particularly Idealism and would fit the Situationist typology according to Forsyth (1980). The question of correlation between variables (RQ3) is clearly illustrated in Table 6 and the strong association with Idealism is to be expected, as the cultural norms encapsulate numerous virtues that one can connect with issues of integrity, principle, rights and duties – societal expectations. Issues associated with relativism, however, demonstrate lower correlations with cultural norms, suggesting that Chinese auditors hold some reservations about the acceptability of some concepts associated with this construct (e.g., involving situational ethics). Of concern is the finding that past studies have connected relativism with an individual's predilection to condone unethical business practices.

| Variable                | M    | SD   | 2     | 3      | 4      | 5      | 6       | 7      | 8      | 9       | 10      | 11      | 12      | 13      | 14      |
|-------------------------|------|------|-------|--------|--------|--------|---------|--------|--------|---------|---------|---------|---------|---------|---------|
| 1. Age                  | 33.4 |      | -0.31 | 0.49** | 0.19** | 0.11** | -0.10*  | 0.00   | 0.08*  | 0.19**  | -0.10*  | -0.14** | -0.10*  | -0.02   | -0.07   |
| 2. Sex                  | 1.49 |      |       | -0.07  | -0.10* | -0.04  | 0.05    | -0.04  | -0.03  | 0.03    | -0.09*  | -0.15** | -0.12** | -0.12** | -0.14** |
| 3. Position             | 2.35 |      |       |        | 0.11** | 0.05   | -0.00   | 0.00   | 0.09*  | 0.08*   | 0.03    | -0.08   | -0.02   | 0.00    | -0.01   |
| 4. Integration          | 6.28 | 0.65 |       |        |        | 0.51** | -0.28** | 0.45** | 0.37** | 0.36**  | 0.11**  | -0.07   | 0.01    | 0.09*   | 0.02    |
| 5. Work dynamism future | 6.62 | 1.27 |       |        |        |        | -0.62** | 0.52** | 0.63** | 0.49**  | 0.22**  | 0.09*   | 0.09*   | 0.09*   | 0.03    |
| 6. Work dynamism past   | 3.41 | 1.10 |       |        |        |        |         | 0.42** | 0.61** | -0.48** | -0.24** | 0.10*   | 0.15**  | -0.13** | -0.08   |
| 7. Human heartedness    | 6.14 | 0.69 |       |        |        |        |         |        | 0.49** | 0.40**  | 0.12**  | -0.02   | 0.01    | 0.05    | 0.01    |
| 8. Moral discipline     | 5.91 | 0.83 |       |        |        |        |         |        |        | 0.46**  | 0.22**  | 0.04    | 0.07    | 0.08*   | -0.01   |
| 9. Idealism             | 6.70 | 1.40 |       |        |        |        |         |        |        |         | 0.15**  | 0.01    | 0.03    | 0.13**  | 0.09*   |
| 10. Relativism          | 5.72 | 1.63 |       |        |        |        |         |        |        |         |         | 0.26**  | 0.30**  | 0.25**  | 0.19**  |
| 11. Motivator           | 4.16 | 1.43 |       |        |        |        |         |        |        |         |         |         | 0.67**  | 0.48**  | 0.51**  |
| 12. Success             | 4.16 | 1.45 |       |        |        |        |         |        |        |         |         |         |         | 0.48**  | 0.48**  |
| 13. Importance          | 5.48 | 1.06 |       |        |        |        |         |        |        |         |         |         |         |         | 0.64**  |
| 14. Rich                | 5.34 | 1.19 |       |        |        |        |         |        |        |         |         |         |         |         |         |

Note: Gender: Male = 1, Female = 2

Position Includes 4 categories ranked from junior to senior (refer Table 3)

\*  $p < 0.05$

\*\*  $p < 0.01$

Table 6: Mean, standard deviation and bivariate correlations of major variables

|            | Gender (mean, standard deviation) |      |        |      | Age groupings (mean, standard deviation) |      |           |      |           |      |             |      |
|------------|-----------------------------------|------|--------|------|--|------|-----------|------|-----------|------|-------------|------|
|            | Male                              |      | Female |      | 20-30 yrs                                |      | 31-40 yrs |      | 41-50 yrs |      | Over 50 yrs |      |
| Motivator  | 4.38                              | 1.44 | 3.95   | 1.38 | 4.24                                     | 1.44 | 4.25      | 1.42 | 4.17      | 1.21 | 3.21        | 1.45 |
| Success    | 4.33                              | 1.46 | 3.97   | 1.41 | 4.24                                     | 1.43 | 4.16      | 1.45 | 4.31      | 1.40 | 3.42        | 1.46 |
| Importance | 5.61                              | 1.07 | 5.34   | 1.04 | 5.50                                     | 1.04 | 5.46      | 1.09 | 5.47      | 1.08 | 5.42        | 1.06 |
| Rich       | 5.51                              | 1.13 | 5.18   | 1.23 | 5.34                                     | 1.23 | 5.45      | 1.16 | 5.33      | 1.16 | 4.82        | 1.05 |
| Total LOMS | 4.96                              | 1.04 | 4.61   | 1.02 | 4.83                                     | 1.04 | 4.83      | 1.04 | 4.82      | 0.99 | 4.21        | 0.98 |

Note: Females scored significantly lower than males on all LOMS constructs compared to males ( $p < 0.01$ )

Auditors over 50 years of age score significantly lower LOMS scores compared to other groups except for Importance scale ( $p < 0.01$  and  $0.05$ )

Table 7: Love of Money attitudes across the demographic profile for Chinese auditors

| Regression Model  | Beta Std Coef | t-values | Sig.  | R <sup>2</sup> | ANOVA (0.000) | Durban-Watson Index |
|-------------------|---------------|----------|-------|----------------|---------------|---------------------|
| <b>Motivator</b>  |               |          |       |                |               |                     |
| Relativism        | 0.236         | 5.862    | 0.000 | 0.114          | 15.231        | 1.84                |
| Gender            | -0.136        | -3.499   | 0.001 |                |               |                     |
| Integration       | -0.128        | -2.789   | 0.005 |                |               |                     |
| Age               | -0.107        | -2.695   | 0.007 |                |               |                     |
| CWD – Forward     | 0.107         | 2.315    | 0.021 |                |               |                     |
| <b>Success</b>    |               |          |       |                |               |                     |
| Relativism        | 0.273         | 6.817    | 0.000 | 0.125          | 16.849        | 1.83                |
| CWD – Past        | -0.125        | -2.858   | 0.004 |                |               |                     |
| Gender            | -0.106        | -2.739   | 0.006 |                |               |                     |
| Age               | -0.089        | -2.287   | 0.023 |                |               |                     |
| <b>Importance</b> |               |          |       |                |               |                     |
| Relativism        | 0.224         | 5.602    | 0.000 | 0.081          | 17.311        | 2.03                |
| Gender            | -0.101        | -2.556   | 0.011 |                |               |                     |
| Idealism          | 0.101         | 2.540    | 0.011 |                |               |                     |
| <b>Rich</b>       |               |          |       |                |               |                     |
| Relativism        | 0.177         | 4.292    | 0.000 | 0.069          | 8.783         | 1.93                |
| Gender            | -0.129        | -3.223   | 0.001 |                |               |                     |
| Idealism          | 0.127         | 2.771    | 0.006 |                |               |                     |
| Moral discipline  | -0.103        | -2.275   | 0.023 |                |               |                     |
| <b>Total LOMS</b> |               |          |       |                |               |                     |
| Relativism        | 0.279         | 6.989    | 0.000 | 0.132          | 22.817        | 1.82                |
| Gender            | -0.139        | -3.604   | 0.000 |                |               |                     |
| Age               | -0.093        | -2.397   | 0.017 |                |               |                     |
| CWD - Past        | -0.08         | -2.016   | 0.044 |                |               |                     |

Table 8: Summary of Regression Analyses – factors affecting Love of Money

In Table 7, Love of Money constructs vary according to age and gender with women scoring significantly lower than their male counterparts. Those associated with Importance and Rich are scored significantly higher than the other two constructs for the sample as a whole. As a cognitive element, Importance is prone to be viewed as ethically neutral (refer to the first five questions in Appendix A) and relates to the necessary association of money with business and commercial exchange. Rich is clearly emotive (refer to the last four questions in Appendix A) and appeals to the use of money as the means to attaining happiness, a construct that Chinese auditors as a whole appear prepared to support.

The critical question in this study (RQ5) is concerned with whether cultural norms and/or ethical orientations foretell an auditor's attitude towards money. Table 8 summarises the results of a set of regression tests, all of which clearly demonstrate the effect of Relativism as the major variable likely to predict money attitudes. The survey items relating to this construct are, as a whole connected with utilitarian aspirations, which aim to achieve the greatest good for the greatest number, however they also allow the subject to reflect on a number of other less noble philosophical concepts, including situation ethics, libertarianism, egoism and opportunism. And, these less desirable forms of relativism could be argued to be more easily associated with a need for money and wealth.

If, as the data reveals, Chinese auditors are Situationists (i.e., high on both Idealism and Relativism), then they are likely to be susceptible to entertaining relativistic orientations that link to a greater interest in a love of money. This connection then, as the "root of evil" (Tang and Chui, 2003) inclines them to being more accepting of questionable business practices. This does not bode well for Chinese business if this association is exploited by firms expecting auditors to overlook discrepancies or accept malpractices of various kinds. Concerns reported by organisations like BMI about levels of corruption in business

and government in China appear justified and it will not be sufficient to depend on the moral fortitude of its professional auditors practicing in local firms to ensure compliance with accounting standards. Auditors will need considerable support if they are to act constructively and present a significant deterrent to fraud and mismanagement. Stronger government sanctions and punitive measures are paths China appears happy to travel, although stronger self regulatory practices garnered within the profession (viz., CICPA) and from accounting firms (e.g., ethical management practices and peer review) are preferred in order to imbue practicing auditors with a measure of credibility and respect they deserve.

There are a number of limitations to this study. A major concern is the extent to which a quasi random sample of 612 auditors employed in local Chinese accounting firms, is representative of the total population. Further studies are justified, ones that incorporate auditors employed within international firms engaged in China who may exhibit different organisational practices and ethical climate types. International comparisons are also useful in order to determine the effect of cultural norms (although the apparent deleterious aspects of Relativism have been well reported elsewhere).

Two of the three instruments used in this survey were constructed within a western context, although they have been tested within an Asian setting albeit not in the same manner as presented in this study, where love of money as a dependent variable was the designated target for investigation. Finally, the love of money scale itself is but one of a number of measures for identifying money attitudes and may not necessarily represent the best indication of what motivates people in this area. For example, in the 2010 global poll referred to above, happiness index was formulated using six measures (i.e., marriage, perceived health, religion, quality of government, social relationships and employment). Money and wealth fail to rate a mention.

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## Appendix A

**The Love of Money Survey Instrument**

Below are common views about money. Please circle the *one answer* that best describes your view of *each question*.

|  | Strongly disagree |   |   |   |   |   | Strongly agree |
|--|-------------------|---|---|---|---|---|----------------|
|  | 1                 | 2 | 3 | 4 | 5 | 6 | 7              |
| 1. Money is important  |                   |   |   |   |   |   |                |
| 2. Money is valuable   |                   |   |   |   |   |   |                |
| 3. Money is good   |                   |   |   |   |   |   |                |
| 4. Money is an important factor in the lives of all of us            |                   |   |   |   |   |   |                |
| 5. Money is attractive   |                   |   |   |   |   |   |                |
| 6. Money represents one's achievement                                |                   |   |   |   |   |   |                |
| 7. Money is a symbol of my success                                   |                   |   |   |   |   |   |                |
| 8. Money reflects my accomplishments                                 |                   |   |   |   |   |   |                |
| 9. Money is how we compare each other                                |                   |   |   |   |   |   |                |
| 10. I am motivated to work hard for money                            |                   |   |   |   |   |   |                |
| 11. Money reinforces me to work harder                               |                   |   |   |   |   |   |                |
| 12. I am highly motivated by money                                   |                   |   |   |   |   |   |                |
| 13. Money is a motivator   |                   |   |   |   |   |   |                |
| 14. Having a lot of money (being rich) is good                       |                   |   |   |   |   |   |                |
| 15. It would be nice to be rich                                      |                   |   |   |   |   |   |                |
| 16. I want to be rich  |                   |   |   |   |   |   |                |
| 17. My life will be more enjoyable, if I am rich and have more money |                   |   |   |   |   |   |                |

*Note:* Items 1-5 represent *Importance*; items 6-9 represent *Success*; items 11-13 represent *Motivator*; and items 14-17 represent *Rich* elements of LOMS