

## Ethical Culture and Admiration for Practice of Earnings Management

Naznin Sultana Chaity<sup>1</sup>, SM Shafiul Islam<sup>1</sup>, Abdullah Al Masud<sup>2</sup>,  
Parul Akhter<sup>1</sup> and Md. Alamgir Hossain<sup>3\*</sup>

<sup>1</sup>*School of Business, Ahsanullah University of Science and Technology,  
Dhaka, Bangladesh*

<sup>2</sup>*Department of Management Studies, University of Barishal, Barishal, Bangladesh*

<sup>3</sup>*Department of Management, Hajee Mohammad Danesh Science and Technology  
University, Dinajpur Bangladesh*

### ABSTRACT

A country's national culture is an important determinant of making decisions regarding ethical dilemmas. The degree of religiosity varies along with culture and religion. This study incorporated the 'religious ethical culture' to identify organizational perspectives on executive admirations for earnings management. A structural equation modeling was used by surveying 384 executives of top manufacturing companies of the Dhaka Stock Exchange using a self-administered questionnaire. Incorporating religious values into the theory of planned behavior, this study empirically examined the impact on executive admiration to act ethically. The results demonstrated that managers are more inclined to engage in earnings management practice when they feel positive (attitude towards behavior) about it and believe that key people support it (subjective norms). The empirical findings revealed that managers' intrinsic qualities were the best indicators of their ethical intentions (perceived behavioral control). This result did not support the organizational religious ethical practice in direct relation to practice of earnings management. However, our findings supported the mediating role of individual managerial intention with organizational practice of religious ethical culture with the practice of earnings management. It could be said that religion has a beneficial impact on the promotion of corporate ethics culture and over earnings management practice.

**Keywords:** Ethical Culture, Religiosity, Religious Ethical Culture, Theory of Planned Behavior, Earnings Management.

---

#### ARTICLE INFO

##### Article History:

*Received: 15 November 2023*

*Accepted: 17 January 2025*

*Available online: 1 April 2025*

---

\* Corresponding Author: Md. Alamgir Hossain, PhD; Professor, Department of Management, Hajee Mohammad Danesh Science and Technology University; Dinajpur-5200, Bangladesh; shamimru@gmail.com; Tel: +8801711962321

## INTRODUCTION

Recent research in accounting and finance has started with the influence of the softer dimensions of human values and their impact on business performance (Prayogo, et al. 2023). The organizational practice of ethical culture has gained attention in this aspect for the last two decades (Olubusola et al., 2024; Striupaitytė & Bachtijeva, 2023; Toro-Arias et al., 2021; Zaal et al., 2019). It is claimed that organizational effectiveness can be ensured by understanding the ethical aspects of employee behavior (Riivari & Lämsä 2014; Huhtala et al. 2016; Huhtala et al. 2015). Earnings management (EM) is another problematic issue in the financial reporting area and a major concern for investors, managers, creditors, and regulators (Chaity & Islam, 2022; Heinz et al., 2013). Several academic researchers have concluded that managers engage in EM to accomplish different objectives like meeting or beating the analysts' / market expectations, avoiding financial loss, avoiding regulatory requirements and debt covenant violations, etc. (Chaity & Islam, 2022; Habbash & Algamdhi, 2015). However, different views (legal and illegal) for practice of earnings management are found among researchers and academicians. It is important to identify the behavior of management to differentiate between the management's true beliefs vs. managerial intention to manipulate earnings (Nurin & Chaity, 2020; Hasim, et al. 2013).

The interest in examining the managerial admiration behind the practice of EM is to know how this unethical behavior could mislead the users of financial information users (Nurin & Chaity, 2020; Hasim, et al. 2013). Investigating the intentions of managers is crucial because the accuracy of financial information is a prerequisite for the accounting profession's credibility (Sayal & Singh, 2020). The literature provides ample evidence of identifying the attitudes toward ethical behavior and practice of EM in developing countries (Nurin & Chaity, 2020; Striupaitytė & Bachtijeva, 2023; Prayogo, et al. 2023). However, studies in developing countries have been conducted but very few in numbers. Most of the studies are conducted on statistically based accrual methods such as the Jones model, Banish Model, Kothari Model, Decow Model) to identify the existence and extent of practice (Chaity & Islam, 2022; Fiolleau & Kaplan, 2017; Sayal & Singh, 2020). Researchers claimed that behavioral intention is complex and difficult to quantify (Fowler, 2023; Nurin & Chaity, 2020; Sayal and Singh, 2020; Gino, 2015).

The decisions regarding ethical dilemmas are deeply rooted in national culture (Clikeman, et. al. 2001). There is a gap in understanding why individuals knowingly and unknowingly engage in potential wrongdoings. According to Turegun (2023), the perceptions of the ethicality of EM differ among the different stakeholder groups based on their experience and professional roles. She identified the ethical perception and traditional practice of EM across the professional bodies both in strategic and deceptive forms. Wagener (2023) stated that motivations may vary in EM practices. However, Ahmad and Maya (2024) identified that ethical leadership could mitigate the EM problem. Akhter and Azad (2023) stated that Religiosity has a great impact on accounting manipulation (i.e. EM). Cross-cultural differences in religious values have an impact on the unethical practice of EM. Several other studies also identified a consistent relationship between religiosity and EM (Cai, et al. 2019; Kanagaretnam et al. 2015a and 2015b; Du, et al. 2015).

Religiosity is considered one of the intriguing sociocultural moral frameworks that results in ethical behavior in the workplace (Kashif et al. 2016; Singhapakdi et al., 1995; Ho, 2010). The term “religiosity”, “religiousness”, or “religious conviction” is largely used in sociology. It describes many facets of how religion influences people’s behavior and perspectives (McDonald & Pak, 1996; Singhapakdi et al., 1995). Usually, people demonstrate religiosity through religious engagement, devotion to rituals, and service to their faith. Religiosity also includes “motivations based upon the inbuilt goals of religious tradition itself” and “commitment and engagement for more inherent, divine objectives,” (Singhapakdi et al., 1995).

Religious norms impact persons’ emotions, converting them into guilt and shame for wrongdoing and direct them to ethical decision-making. There was evidence that religious CEOs were less likely to engage in EM (Akhter & Azad, 2023). Several studies also identified the consistent relationship between religiosity and EM (Akhter & Azad, 2023; Cai, et al. 2019; Abdelsalam, et al. 2017; Kanagaretnam et al. 2015a and 2015b; Du, et al. 2015). However, the studies available on religiosity over the ethical practice of EM are hardly evident in the research world. The reason may be the management’s adherence to religiousness is not disclosed publicly. To fill these gaps, this study tried to capture the management’s ethical beliefs regarding the practice of EM in the context of Bangladesh.

This study was based on a well-known psychology theory to identify individuals' psychological traits - The theory of planned behavior (TPB). TPB is used to know the motives (knowingly or unknowingly) to engage in EM activities by the managers. Different studies have empirically investigated a variety of elements that influence managers' ethical or immoral behavior (Sayal & Singh, 2020; Cronan et al., 2018; Hasim, et al. 2013; Riemenschneider et al., 2011). This study applied TPB's implication on managerial ethical decision-making. This study incorporated the 'religious ethical culture' to identify organizational perspectives on managerial admiration for the practice of EM. Studying ethical organizational culture is incredibly challenging (Toro-Arias, et al. 2021; Tanner et al. 2019). This study incorporated a measure developed by Treviño et al. (1998) to identify ethical culture. They incorporated potential aspects of ethical behavior - norms and leadership, and reward systems for following ethical codes and conducts within an organization. With the above-mentioned theory and evidence, this study tried to answer the following questions: a) Why are the managers engaged in EM practices i.e. violate the GAAP? b) what types of intention motivate managers to engage in EM (attitude toward behavior or subjective norms or perceived behavioral control)? c) Does the ethical religious organizational culture act against the managerial practice of EM?

The remaining paper is organized in the following way: the subsequent section will discuss the TPB and the relationship between religiosity, TPB, and managerial intention to be involved in earnings management. The next part is the methodology and subsequently the empirical analysis of data obtained from the sample under the study. Finally, this study includes the discussion section and contributions of this study.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

This section shows the link between the executives' admiration for the practice of earnings management (EM), religious ethical culture, and theory of planned behavior (TPB). The theory of reasoned action (TRA) was introduced by Martin Fishbein and Icek Ajzen in late 1970s. After that the TPB is the result of further development of the TRA. It has been considered the most influential theory to generalize and predict a given

human intentions (Hagger, 2019). According to TPB, if an individual is inclined to accomplish a specific behavior more favorably, the greater is the possibility that s/he will perform that behavior (Fishbein & Ajzen, 1975). TPB provides a context to generalize the factors influencing the ethical/unethical motivation (intentions) of accounting professionals (Ajzen, 1991; Buchan, 2005). The TPB explains the intentions are the behavioral context shaped by the attitude towards the behavior (ATB), subjective norms (SN), and perceived behavioral control (PCB) (Ajzen, 1991).

**Intention** is defined as the eagerness to engage in a particular behavior. It is considered as the determinant for the emergence of any specific behavior. Ajzen (1991) highlighted intention as an indicator of behaviors upheld by a person and leads to performing ethical/unethical behavior. The higher the intentions the greater is the individual's likelihood to take part in a specific behavior. Behavioral intentions are based on three functions: attitude toward performing behavior, subjective norms, and perceived behavioral control. The behavioral intention of this study was the executive admiration for practicing EM to violate GAAP in the financial reporting process.

**Attitude towards behavior** is a component (like/dislike, attractive/unattractive) of TPB to determine positive or negative aspects of the displayed behavior. The more positive individuals are towards certain behaviors, the higher the intention to display that behavior (Ajzen 1991). There are a small number of theories that are used to predict and explain behavior, although observing behavior is a difficult task. TPB offers a prudent explanation of behavior. It is the likelihood of one's intention to engage in a specific behavior. Studies regarding individual's favoritism toward engaging in unethical activities triggered higher possibility of projecting unethical behavior (Cronan et al. 2016). According to Carpenter and Reimers (2005), a person's un/ethical behavior depends on the perceived consequences (punishments/rewards). Buchan (2005) identified that accounting professional's positive attitude towards ethical practice significantly impacted on their decision-making process. It was found that an individual's positive attitude towards the unethical practice of EM, even if it violates GAAP, s/he will practice EM to meet his/her goal (Sayal and Singh, 2020; Buchan, 2005). Following this, it was hypothesized that –

**H1:** The higher the executive's admiration for engaging in earnings management practices, the higher will be the individual's positive attitude towards the violation of GAAP.

*Subjective norms (SN)* are the social factors that indicate whether to display or not to display a behavior. It is individual beliefs about whether people (family/ friends/ peers/ Colleagues) who are important to them support their decisions (Ajzen 1991). It is the influence of family/friends/peers over the managers to change their opinions and ideas on some aspects. The opinion from someone important for supporting unethical behavior significantly influences accounting students and managers to participate in unethical practice of earnings management (Fiollean & Kaplan, 2017; Alleyne et al. 2014). Alleyne and Phillips (2011) also supported that subjective norm is an important predictor for identifying un/ethical intentions.

**H2:** The higher the support from others(family/friends/peers) to violate of GAAP, the higher will be the possibility to engage in earnings management practices.

*Perceived behavior control (PCB)* indicated an individual's perceived effort in performing a behavior. The greater the PCB, the higher the intention to execute a particular behavior. According to Carpenter and Reimers (2005), PCB is the reflection of experience along with anticipated obstacles. Individual's bent on participating in unethical behavior to violate GAAP is because of access to opportunities and fewer obstacles (Jafarkarimi et al. 2016; Sayal & Singh, 2020). Alleyne et al. (2014) discovered that accounting students' intentions to violate confidentiality were influenced by their perception of how simple it would be to do so. An individual will be more likely to engage in EM if they wish to violate GAAP, have the necessary opportunities, and face fewer impediments (Sayal & Singh, 2020). Following the argument we hypothesized –

**H3:** The greater the control of the individual's perceived behavior toward violation of GAAP, the higher will be the individual's intentions to participate in EM.

**The Ethical Culture** concept was developed by Treviño et al. (1998). This idea focussed on the organizational policies or practices that could influence someone to act ethically or unethically. Top leaders serve as examples for fostering an ethical workplace culture in any company. Financial rewards for compliance inside the organization and financial incentives to promote or deter unethical activity are other factors (Shafer and Wang, 2011). Religion has a strong impact on ethical managerial decision-making (Shah alam et al., 2011). It was found that a supportive ethical environment will refrain management from the practice of EM (Akhter & Azad, 2023). We incorporated religious ethical culture based on studies by Kashif et al. (2016). It is considered that religion determines the societal values and codes of life for billions of people around the world (Ysseldyk et al., 2010). The hypothesis was made based on this –

**H4:** The more the organization practices a religious ethical culture, the more the managers will judge EMas unethical.

It has been identified by several studies that higher levels of religiosity positively impact on building substantial moral selves and helps to make ethical decisions (Akhter & Azad, 2023; Cai, et al. 2019; Abdelsalam, et al. 2017; Kanagaretnam et al. 2015a and 2015b; Du, et al. 2015; Kashif et al. 2016; Vitell, 2009). Higher religious managers are more likely to disclose the financial anomalies of his/her colleagues and are less likely to participate in unethical behavior (Dyrenge et al., 2012). We tried to observe the impact of religion on social norms on managers' ethical intentions. Based on this idea, the following hypotheses were made –

**H5:** The association between managers' attitudes toward behavior and their intentions to act ethically is moderated by their level of religiosity.

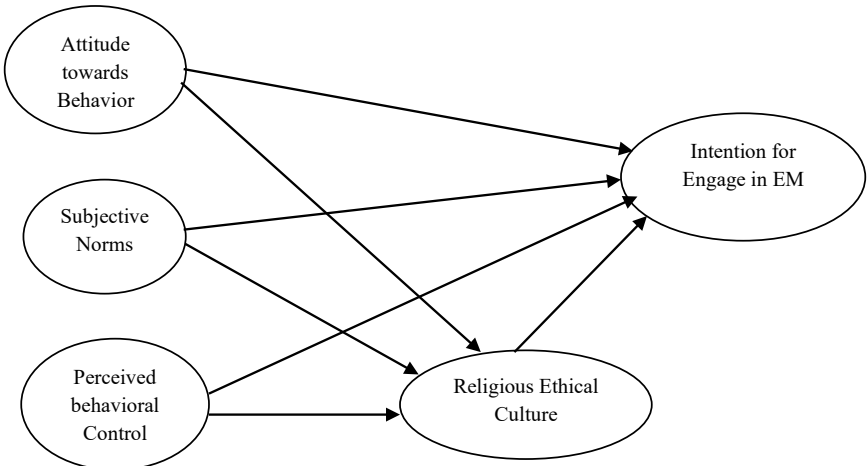
**H6:** The association between subjective norms and managers' desire to manage earnings is moderated by their level of religiosity.

The degree of religiosity varies depending on societal factors including culture and religion (Shah Alam et al., 2011). Religiosity and perceived behavioral control are related in social and professional contexts (Cohen et al., 2012; Vitell, 2009). High-religious employees typically display higher degrees of perceived behavioral control (Walker et al., 2011). People's perception of their ability to control their behavior has been influenced by

their orientation toward religious ideas and ethical intentions (Baumeister et al., 2007). To integrate this the following hypothesis was made:

**H7:** The association between perceived behavioral control and managers’ intentions to act ethically is moderated by religiosity.

The following model was developed based on the discussion and logical arguments.



**Figure 1: Model for Managerial Intention for the Practice of Earnings Management (EM)**

## RESEARCH DESIGN

The study was designed to conduct a survey using a questionnaire with a seven-point Likert scale. The constructs for the above model were widely used in different studies to determine EM practices, ethical culture, and religiosity (Sayal & Singh, 2020; Shafer & Wang, 2011).

### Operationalization and Measurement of Constructs

This study followed the methodology drawn by Ajzen (1991). A hypothetical scenario was adapted from Carpenter and Reimer (2005) following Sayal and Singh (2018) to measure the intent of the participants



(Appendix 1). It was found that TPB was used to measure the intention and actual behavior in different literature (Yoon, 2011; Sayal & Singh, 2020; Cronan et al., 2018). Religious Ethical culture was assessed using a methodology adapted from Kashif et al. (2016) following Treviño et al. (1998) and Walker et al., (2012) scale. This study used the seven-point scale from “completely false” (1) and “completely true” (7) for measuring religious ethical climate items.

## **Sample and Data Collection**

From January 2023 to March 2023, a self-administered questionnaire survey was done on the top manufacturing companies listed on the Dhaka Stock Exchange mainly the ready-made garments companies in Bangladesh. There were total of 4500 (approx.) firms registered under the Bangladesh Garments Manufacturer Association (BGMEA). This study selected the Top 50 RMG companies in terms of volume of export from Bangladesh. A total of 450 questionnaires were distributed among employees at random targeting mid and top-level accounting and finance department. 384 respondents responded to the questionnaire with a complete and usable form. It was expected that they had knowledge about the ethical conduct of accounting profession and the practice of EM.

There were varied opinions found on sample size for Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis. According to Gorsuch, (1983), there should be at least five observations for each construct. Harris and Schaubroeck, (1990) and Kline, (2023) suggested to have not less than 200 responses to ascertain robustness of PLS-SEM. According to Randall and Gibson (2013) the recommended subject-to-item ratio of 10:1 required a minimum of 400 responses. The response rate was 85.3%, significantly higher than the typical response rate for quantitative organization studies of 35.7% (Baruch & Holtom, 2008). For the purpose of identifying any potentially unclear terminology and validating the correctness of the material, experts' opinions on this questionnaire were sought. The reduction of common method variance (CMV) was explored using various respondents for each construct (Lindell & Whitney, 2001).

FINDINGS

Descriptive Statistics

Table 1 is the demographic characteristics of the respondents. 36.19% of the respondents were female, while 63% of the respondents were men. The majority of respondents were in the 40-45 years age group with a degree. Among them, 62.5% had post graduate degrees. Each respondent had at least five years of experience working in the organization’s accounting and finance departments. A majority of the respondents were from the 5-10 years of experience group.

Table 1: Descriptive Statistics of the respondents

	Variable	Frequency	Percentage
Gender	Male	245	63.80%
	Female	139	36.19
Age	35-40	89	23.17
	40-45	137	37.77
	46-50	45	11.71
	51-55	42	10.93
	56-60	56	14.58
	60 and above	15	3.09
Education	Graduate	29	7.55
	Postgraduate	240	62.5
	CA	45	11.71
	CMA	18	4.68
	Others (Professional Degree)	52	13.54
Experience	5-10 years	189	49.21
	11-15 years	108	28.15
	16-20 years	56	14.58
	21-25 years	21	5.46
	More than 25 years	10	2.61

Measurement Model

Analysis of a Moment Structures (AMOS) 23 was used for structural equation modeling (SEM) in this study. It was recommended to examine the structural model before testing the measurement model (Anderson and Gerbing, 1988; Alam and Islam, 2021). The adequacy of individual items

and related composites was evaluated using the reliability and validity measure (Beatty & Ferrell, 1998; Alam & Islam, 2021). Cronbach's Alpha was used to test the reliability of each construct (Santos, 1999). Factor loadings and corresponding composite reliability were examined to test convergent validity of each measure (Anderson & Gerbing, 1988; Alam and Islam, 2021). It is said that composite reliability (CR) is an appropriate measure of reliability and CR for all constructs should exceed the threshold value of 0.70 (Hair et al. 2010; Sayal & Singh, 2020). Table 2 and Table 3 exhibit the indicator variables.

**Table 2: Scale Summary**

Scale items		Item loading	Cronbach's alpha	Composite reliability
Intention for Engage in Earnings management practice (IEM)	IEM1	0.883	0.896	0.899
	IEM2	0.813		
	IEM3	0.887		
Attitude toward behavior (ATB)	ATB1	0.862	0.925	0.928
	ATB2	0.902		
	ATB3	0.884		
	ATB4	0.885		
Subjective Norms (SN)	SN1	0.862	0.907	0.909
	SN2	0.849		
	SN2	0.885		
Perceived Behavioral Control (PCB)	PCB1	0.815	0.774	0.775
	PCB2	0.805		
	PCB3	0.786		
Religious Ethical Culture (EC)	REC1	0.848	0.943	0.943
	REC2	0.853		
	REC3	0.875		
	REC4	0.890		
	REC5	0.863		
	REC6	0.805		
	REC7	0.740		

Convergent validity was used to examine how highly one indicator connects with other indicators of the same construct that have a positive correlation (Hair et al., 2013). Again, we assessed discriminant validity - the degree to which a construct can be said to be truly different from other constructs using empirical standards (Hair et al., 2013, p. 121). It was evaluated utilizing the Fornell-Larcker criterion.

**Table 3: Convergent and Discriminant Validity**

	CR	AVE	SN	REC	ATB	IEM	PCB
SN	0.909	0.768	<b>0.877</b>				
REC	0.943	0.703	0.486	<b>0.838</b>			
ATB	0.928	0.763	0.225	0.233	<b>0.873</b>		
IEM	0.899	0.749	0.474	0.328	0.349	<b>0.865</b>	
PCB	0.775	0.536	0.309	0.284	0.394	0.319	<b>0.732</b>

**Table 4: Goodness of Fit Indices**

$\chi^2$	CMIN/df	df	Absolute fit Measure		Incremental Fit Measure NFI	Parsimonious Fit Measures			
311.466 (p=0.000)	1.947	160	RMR	RMSEA	0.947	IFI	CFI	TLI	RFI
			0.020	0.050		0.974	0.974	0.969	0.974

The average variance extracted (AVE) is the grand mean value of the squared loadings of the indicators associated with the construct. All of the study constructs were above the 0.50 cutoff point (Fornell & Larcker, 1981; Hair et al., 2013; Alam & Islam, 2021). Every squared root of AVE was found to surpass the cutoff value, and the results as shown in Table 4 indicated that the requirement for proving discriminant validity was adequately met (Alam & Islam, 2021).

## Structural Equation Model

The structural model was developed and shown in Table 5. It illustrates that all fit indices were over the threshold, which was a positive indication that the structural model was acceptable (Bentler & Bonett, 1980; Hu, Bentler, & Hoyle, 1995; Bollen, 1986).

**Table 5: Hypothesis Test**

Hypotheses	Estimate	SE	t-value	p-value	Decision
H1: The Higher the executive's admiration for engaging in earnings management practices, the higher will be the Individual's positive attitude towards the violation of GAAP	0.208	0.034	6.029	***	Supported

H2: The higher the support from others(family/friends/peers) to violate of GAAP, the higher will be the possibility to engage in earnings management practices.	0.409	0.047	8.778	***	Supported
H3: The greater control the individual's perceived behavior toward violation of GAAP, the higher the individual's intentions to participate in EM.	0.216	0.044	4.921	***	Supported
H4: the more the organization practices for religious ethical culture, the more the managers will judge earnings management as unethical.	0.025	0.051	0.494	0.621	Not Supported
H5: The association between managers' attitudes toward behavior and their intentions to act ethically is moderated by their level of religiosity.	0.339	0.074	4.555	***	Supported
H6: The association between subjective norms and managers' desire to manage earnings is moderated by their level of religiosity.	0.685	0.073	9.340	***	Supported
H7: The association between perceived behavioral control and managers' intentions to act ethically is moderated by religiosity.	0.369	0.073	5.069	***	Supported

Notes: \*\*  $p < 0.05$ ; \*\*\*  $p < 0.001$

## Mediation Effect

A technique proposed by Baron and Kenny (1986) was used to investigate indirect or mediated effects on ethical decision making. Four requirements must be met for the approach to be used. First, there must be a significant relationship between the independent variable (TPB construct) and the mediating variables (religious ethical culture). Second, there must be a significant relationship between the independent variable (TPB construct) and the dependent variable (Intentions for earnings management). Third, there must be a significant relationship between the mediating variable (religious ethical culture) and the dependent variable (intentions for earnings management). The dependent variable (Intention for earnings management), the mediating variable (Religious ethical culture), and the independent variable (TPB concept), all need to have a significant relationship.

Table 6: Path Coefficient

Path	Results		
	Coefficient	SE	t-value
<i>Direct effect</i>			
Religious ethical culture ← Attitude towards behavior (TPB construct)	0.079	0.035	2.256**
Religious ethical culture ← Subjective norms (TPB construct)	0.319	0.038	8.440***
Religious ethical culture ← Perceived behavioral control (TPB construct)	0.106	0.043	2.474**
Intentions for earnings management ← Attitude towards behavior (TPB construct)	0.196	0.042	4.666***
Intentions for earnings management ← Subjective norms (TPB construct)	0.335	0.044	7.611***
Intentions for earnings management ← Perceived behavioral control (TPB construct)	0.116	0.050	2.315**
Intentions for earnings management ← Religious ethical culture	0.391	0.066	5.949***
<i>Indirect effect</i>			
Intentions for earnings management ← Religious ethical culture ← TPB construct	0.025	0.051	0.494 (0.621)

Notes: \*\*  $p<0.05$ ; \*\*\*  $p<0.001$

DISCUSSION

The study has shown that elements of the TPB can be successfully used in the examination of managers’ admiration for EM and the impact of religiosity in developing countries like Bangladesh. Incorporating religion into the TPB and empirically examining its impact on managers’ willingness to act ethically constitute its most significant contribution to the literature. The results demonstrated that ATB had a significant influence on intentions to participate in EM. People are more inclined to engage in EM if they have a positive attitude about it and believe that key people support it. These results support the claims made by Sayal and Singh (2018), Jafarkarimi et al. (2016), and Cronan et al. (2018) that ATB and SN are some of the most significant variables affecting people’s intents. PBC had a positive and significant impact on people’s EM intentions as well. The impact of PBC on people’s motivation for EM demonstrated that people are more inclined to engage in EM if they have better control over the necessary opportunities and resources. The environment was hypothetical, therefore there may have been a considerable impact of PBC on EM engagements.

However, the effect of PBC over EM aspirations may could be strongest in real-life circumstances. It depends on how firms manage their operations and how their employees view the resources, possibilities, and barriers in the way of engaging in the activity (Carpenter and Reimer 2005; Sayal and Singh (2018).

Although religion has been discussed in psychology studies (Alhouthi et al., 2015), its applicability in business situations is sparse and lack a theoretically sound foundation (Akhter & Azad, 2023; Kashif et al. 2016). The empirical findings revealed that collective religious ethical culture had no significant influence on people's EM intentions. Hypothesis (H4) was therefore not supported. According to Kashif et al. (2016), religion has an indirect impact on people's intentions. The lack of impact could be attributed to the respondents' origins in developing nations, which are having difficulty implementing moral behavior across all sectors. Managers' intrinsic qualities were revealed to be the best indicators of their intentions to act ethically. Our findings support research showing that religion has a beneficial impact on the promotion of corporate ethics (Akhter & Azad, 2023; Abdelsalam, et al. 2021; Walker et al., 2012; Gundolf & Filser, 2013).

## IMPLICATION

By identifying and describing how personal psychological characteristics affect people's intentions to participate in EM, the study significantly contributes to the literature on ethical culture and earnings manipulation. The TPB (Ajzen, 1991) and religiosity (Walker et al., 2012) were used in this study to pinpoint the psychological components specific to the individual to generalize the EM behavior. The findings showed that people are more likely to participate in EM activities when they believe they are in a favorable environment with the necessary opportunities, resources, and skills at their disposal (PBC), believe that the likelihood of participating in EM is favorable (ATB), and believe that persons important to them (friends, family, or peers) will support the decision. These results are in line with those of Jafarkarimi et al. (2016), Cronan et al. (2018), Carpenter and Reimers (2005), and Sayal and Singh (2018). Additionally, this study supported the idea that religiosity affects how each person's ATB, SN, and PCB traits are shaped (Walker et al., 2012; Gundolf & Filser, 2013; Kashif et al, 2016).

The study therefore significantly extends the area by developing a model of EM behavior based on theory and by identifying the influence of personal religious psychological factors on people's desire to participate in EM. This study has shown how crucial it is to develop moral standards across the entire organization, provide employees the freedom to uphold them and promote religion at work to further reinforce ethical behavior. The findings of this study support that high religiosity will reduce unethical activities by managers (Abdelsalam, et al. 2021, Cai, et. al. 2019). The conclusion demands rigorous and routine ethics audits, as well as a culture that rewards integrity while recognizing and addressing unethical behavior. The strong integration of religion into managers' decision-making schemas was our most significant contribution. These findings demand that strategies for institutionalizing ethics in the workplace be developed and put into practice. It has been discovered that training in religiously-specific ethics leads to higher levels of ethical conduct (Cai, et al. 2019; Yi et al., 2012).

## CONCLUSION

Although conceptually and methodologically valid, this work has some flaws. First, the study did not examine actual behavior; it merely examined intentions. Even though behavioral intention is thought to have the biggest impact on actual behavior in the research on TPB (Ajzen, 1991), caution should be exercised because behavioral motivations may not always translate into real conduct. Future research should focus on evaluating the actual EM behavior. Second, the study was carried out in the framework of Bangladeshi culture. The findings of this study may not be the same for other nations. Therefore, country-specific research on the impact of the culture of EM admiration is necessary. Lastly, religiosity itself is a critical issue. Religiosity needs to be taken into account while deciding whether or not to perform religious rites at work. It is hereby acknowledged the necessity to take them into consideration. Institutionalization of religious practices has implications on anti-discrimination and human rights laws and policies, moral, ethical, and psychological areas (Akhter & Azad, 2023; Poole, 2009). Future studies should concentrate on gathering data from a broader spectrum of populations with practical knowledge. To evaluate EM intents, the study solely focused on a few specific human psychological characteristics. However, there may be more psychological



and organizational characteristics that might help predict people's EM intentions, such as life experiences and the organization's code of ethics.

Finally, it can be claimed that a deeper understanding of the psychological aspects that affect people's intentions to participate in EM will aid businesses in enhancing people's ethical behavior to uphold the integrity of the accounting and finance profession. Policymakers and regulators may create regulations and accounting standards that forbid the use of judgment in managing earnings. Business organizations should have additional checks and balances to lower the probability of participating in EM activity to ensure stronger control over it.

## REFERENCES

- Abdolmohammadi, M.J. & Baker, C.R. (2008). Moral reasoning and questionable behavior: a study of extensive copying from the internet by accounting students. *CPA Journal*, 58(11), 58-61. DOI: Association between moral reasoning and moral behavior: A systematic review and meta-analysis. (apa.org)
- Abdelsalam, O., Chantziaras, A. Ibrahim, M. & Omoteso, K. (2021). The impact of religiosity on earnings quality: International evidence from the banking sector. *The British Accounting Review*, 53(6). <https://doi.org/10.1016/j.bar.2020.100957>.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Ajzen, I. & Fishbein, M. (1980). *Understanding Attitudes and Predicting Social Behavior*. Prentice-Hall, Upper Saddle River, NJ.
- Akhter, T. & Azad, A.K. (2023). Religiosity and bank earnings management: Revisiting international evidence. *China Journal of Accounting Research*, 16(2), <https://doi.org/10.1016/j.cjar.2022.100290>.

- Alhouti, S., Johnson, C.M. & Holloway, B. B. (2005). Corporate social responsibility authenticity: Investigating its antecedents and outcomes. *Journal of Business Research*, 69(3), 1242-1249. <https://doi.org/10.1016/j.jbusres.2015.09.007>
- Alleyne, P., Weekes-Marshall, D., Estwick, S. & Chaderton, R. (2014). Factors influencing ethical intentions among future accounting professionals in the Caribbean. *Journal of Academic Ethics*, 12(2), 129-144. <https://doi.org/10.1007/s10805-014-9203-5>
- Alleye, P. & Phillips, K. (2011). Exploring Academic Dishonesty among University Students in Barbados: An Extension to the Theory of Planned Behaviour. *Journal of Academic Ethics*, 9(4), 323-338. DOI 10.1007/s10805-011-9144-1
- Anderson, J. C., & Gerbing D. W. (1988). Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach. *Psychological Bulletin*, 103, 411-423. Structural equation modeling in practice: A review and recommended two-step approach. (apa.org)
- Barghathi, Y. (2017). Stakeholders' perceptions on Earnings management motivations and techniques in Libyan Commercial Banks. *Accounting and Management Information Systems*, 16(3) 344-368. DOI:10.24818/jamis.2017.03006
- Barghathi, Y., Collison, D. & Crawford, L. (2016). Earnings management in Libyan Commercial Bank: Perception of Stakeholders. *International Journal of Accounting, Auditing and Performance evaluation*, 2016,1-27. DOI: 10.1504/IJAAPz /2017.10003434.
- Baruch, Y., & Holtom, B. C. (2008). Survey response rate levels and trends in organizational research. *Human Relations*, 61(8), 1139–1160. <https://doi.org/10.1177/0018726708094863>
- Beck, L. & Ajzen, I. (1991). Predicting dishonest actions using the theory of planned behavior. *Journal of Research in Personality*, 25(3), 285-301. [https://psycnet.apa.org/doi/10.1016/0092-6566\(91\)90021-H](https://psycnet.apa.org/doi/10.1016/0092-6566(91)90021-H)

- Beatty, S. E., & Ferrell, M. E. (1998). Impulse buying: modeling its precursors. *Journal of Retailing*, 74(2), 169–191. [https://doi.org/10.1016/S0022-4359\(99\)80092-X](https://doi.org/10.1016/S0022-4359(99)80092-X)
- Baumeister, R. F., Vohs, K. D., & Tice, D. M. (2007). The Strength Model of Self-Control. *Current Directions in Psychological Science*, 16(6), 351–355. <https://doi.org/10.1111/j.1467-8721.2007.00534.x>
- Baron RM, Kenny DA. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. *J Pers Soc Psychol*, 51(6)1173-82. <http://dx.doi.org/10.1037//0022-3514.51.6.1173>
- Bentler, P. M., & Bonett, D. G. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin*, 88(3), 588–606. <https://psycnet.apa.org/doi/10.1037/0033-2909.88.3.588>
- Bollen, K. A. (1986). Sample size and Bentler and Bonett's non normed fit index. *Psychometrika*, 51(3), 375–377. <https://doi.org/10.1007/BF02294061>
- Buchan, H.F. (2005). Ethical decision making in the public accounting profession: an extension of ajzen's theory of planned behavior. *Journal of Business Ethics*, 61(2), 65-181. <https://doi.org/10.1007/s10551-005-0277-2>
- Carpenter, D.T. & Reimers, L.J. (2005). Unethical and fraudulent financial reporting: Applying the theory of planned behavior. *Journal of Business Ethics*, 60(2), 115-129.
- Chang, M. K. (1998). Predicting Unethical Behavior: A Comparison of the Theory of Reasoned Action and the Theory of Planned Behavior. *Journal of Business Ethics*, 17, 1825-1834. <https://doi.org/10.1023/A:1005721401993>
- Chaity, N.S. & Islam, K.M.Z. (2022). Bank efficiency and practice of earnings management: a study on listed commercial banks of Bangladesh. *Asian Journal of Accounting Research*, 7(2), 114-128. <https://doi.org/10.1108/AJAR-09-2020-0080>

- Chen, M. C. & Tsai, Y. C. (2010). Earnings management types and motivation: A study in Taiwan. *Social Behavior and Personality*, 38(7), 955-962. <https://doi.org/10.2224/SBP.2010.38.7.955>.
- Clikeman, P. M., Geiger, M. A., & O'Connel, B. T. (2001). Students' perceptions of Earnings management: The effects of national origin and gender. *Teaching Business Ethics*, 5, 389-410. <http://dx.doi.org/10.1023/A:1012252922571>.
- Cronan, P.T., Mullins, K.J., & Douglas, E.D. (2018). Further understanding factors that explain freshman business students' academic integrity intention and behavior: Plagiarism and sharing homework. *Journal of Business Ethics*, 147(1), 197-220. <https://doi.org/10.1007/s10551-015-2988-3>.
- Dyreneg, S. D., Mayem, W. & Williams, C. (2012). Religious Social Norms and Corporate Financial Reporting. *Journal of Business, Finance, and Accounting*, 39(7-8), 845-875. <https://doi.org/10.1111/j.1468-5957.2012.02295>.
- Ewert, P. & Wagenhofer, S. (2005). Economic efforts of tightening accounting standards to restrict earnings management. *The Accounting Review*, 80(4), 1101-1124. <https://doi.org/10.2308/accr.2005.80.4.1101>.
- Fishbein, M. & Ajzen, I. (1975). Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research, Addison Wesley: Reading, MA.
- Fiolleau, K. and Kaplan, S.E. (2017). Recognizing ethical issues: An examination of practicing industry accountants and accounting students. *Journal of Business Ethics*, 142(2), 259-276. <https://www.jstor.org/stable/44253315>.
- Fowler, D.S. (2023). Ethical Implications of Deceptive Earnings Management Practices. *Business Ethics and Leadership*, 7(3), 84-96. [https://doi.org/10.61093/bel.7\(3\).84-96.2023](https://doi.org/10.61093/bel.7(3).84-96.2023).

- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39–50. <https://psycnet.apa.org/doi/10.2307/3150979>.
- Geiger, M. A., O’Connell, B. T., Clikeman, P. M., Ochoa, E., Witkowski, K., & Basioudis, I. (2006). Perceptions of Earnings Management: The effects of national culture. *Advance in International Accounting*, 175–199. DOI: 10.1016/S0897-3360(06).19007-8.
- Gibson, A. M., & Frakes, A. H. (1997). Truth or consequences: A study of critical issues and decision making in accounting. *Journal of Business Ethics*, 16(2), 161–17. <https://www.jstor.org/stable/25072879>.
- Gino, F. (2015). Understanding ordinary unethical behavior: Why people who value morality act immorally. *Current Opinion in Behavioral Sciences*, 3, 107–111. <https://doi.org/10.1016/j.cobeha.2015.03.001>.
- Gundolf, K. & Filser, M. (2013). Management Research and Religion: A Citation Analysis. *Journal of Business Ethics*, 112(1), 177–185. <https://www.jstor.org/stable/23324965>.
- Habbash, M. & Alghamdi, S. (2015). The perception of earnings management motivations in Saudi public firms. *Journal of Accounting in Emerging Economies*, 5(1), 122–147. <https://doi.org/10.1108/JAEE-06-2012-0025>.
- Hagger, M. S. (2019). The reasoned action approach and the theories of reasoned action and planned behavior. In D. S. Dunn (Ed.), *Oxford Bibliographies in Psychology*. New York, NY: Oxford University Press. doi: 10.1093/OBO/9780199828340-0240.
- Han, H., Chua, B. L., Ariza-Montes, A., & Untaru, E. N. (2020). Effect of environmental corporate social responsibility on green attitude and norm activation process for sustainable consumption: airline versus restaurant. *Corporate Social Responsibility and Environmental Management*, 27(4), 1851– 1864. <https://doi.org/10.1002/csr.1931>.

- Hair, J.F., Jr, Hult, G.T.M., Ringle, C. & Sarstedt, M. (2013). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). SAGE Publications, Thousand Oaks.
- Hasim, H. A., Salleh, Z. & Arif, A. M. (2013). The underlying motives for earnings management: Directors' perspective. *International Journal of Trade, Economics and Finance*, 4(5), 296-299. <https://doi.org/10.1016/j.adiac.2013.09.002>.
- Heinz, P., Patel, C., & Hellmann, A. (2013). Some theoretical and methodological suggestions for studies examining accountants' professional judgments and earnings management. *Advances in Accounting, Incorporating Advances in International Accounting*, 29(2), 299–311. DOI: 10.1016/j.adiac.2013.09.002.
- Hogan, C. E., Resaee, R. A. Jr., & Velury, U. K. (2008). Financial statement fraud: Insights from the academic literature. *Auditing: A Journal of Practice & Theory*, 27(2), 231-252. <http://dx.doi.org/10.9790/0837-2204083847>.
- Hu, L.-T., & Bentler, P. M. (1995). Evaluating model fit. In R. H. Hoyle (Ed.), *Structural equation modeling: Concepts, issues, and applications* (pp. 76–99). Sage Publications, Inc.
- Huhtala, M., Tolvanen, A., Mauno, S., & Feldt, T. (2015). The associations between ethical organizational culture, burnout, and engagement: A multilevel study. *Journal of Business and Psychology*, 30(2), 399–414. <https://doi.org/10.1007/s10869-014-9369-2>.
- Huhtala, M., Kaptein, M., & Feldt, T. (2016). How perceived changes in the ethical culture of organizations influence the well-being of managers: A two-year longitudinal study. *European Journal of Work and Organizational Psychology*, 25(3), 335–352. <https://doi.org/10.1080/1359432X.2015.1068761>.
- Jafarkarimi, H., Saadatdoost, R., Sim, T.A. & Hee, M.J. (2016). Behavioral intention in social networking sites ethical dilemmas: an extended model based on theory of planned behavior. *Computers in Human Behavior*, 62, 545-561. <https://doi.org/10.1016/j.chb.2016.04.024>.

- Kanagaretnam, K., Lobo, G.J. & Wang, C. (2015a). Religiosity and Earnings Management: International Evidence from the Banking Industry. *Journal of Business Ethics*, 132, 277–296 (2015). <https://doi.org/10.1007/s10551-014-2310-9>.
- Kanagaretnam K., Lobo, G. J. Wang, C. & Dennis J. Whalen, D. J. (2015b). Religiosity and risk-taking in international banking. *Journal of Behavioral and Experimental Finance*, 7, 42-59. <https://doi.org/10.1016/j.jbef.2015.07.004>.
- Kashif, M., Iftikhar, S. F. & Iftikhar, K. (2016). Loan growth and bank solvency: evidence from the Pakistani banking sector. *Financial Innovation*, 2(22), 1-13. <https://doi.org/10.1186/s40854-016-0043-8>.
- Lindell, M. K. & Whitney, D. J. (2001). Accounting for Common Method Variance in Cross-Sectional Research Design. *Journal of Applied Psychology*, 86(1), 114-21. <https://psycnet.apa.org/doi/10.1037/0021-9010.86.1.114>.
- Marra, A., Mazzola, P., & Prencipe, A. (2011). Board monitoring and Earnings Management, Pre and Post IFRS. *The International Journal of Accounting*, 46, 205-230. <https://doi.org/10.1016/j.intacc.2011.04.007>
- Merchant, K. A. & Rockness, J. (1994). The ethics of managing earnings: An empirical investigation. *Journal of Accounting and Public Policy*, 13, 79-94. [https://doi.org/10.1016/0278-4254\(94\)90013-2](https://doi.org/10.1016/0278-4254(94)90013-2).
- Nurin, S. S. & Chaity, N.S. (2020). External Auditors' Judgment towards Short-Term Earnings Management Practices: Evidence from Bangladesh. *The Cost and Management*, 48(6), 12-23. <http://www.icmab.org.bd/wp-content/uploads/2021/01/November-December-2020.pdf>.
- Olubusola, O. Daraojimba, O. H., Ajayi-Nifise, A. O., Falaiye, T. & Mhlongo, N.Z. (2024). Ethical challenges in Accounting: A Review of Case Studies from The USA And Africa. *Finance & Accounting Research Journal*, 6(2), 146-158. DOI: 10.51594/farj.v6i2.785.

- Peasnell, P. F., Pope, P. F., & Young, S. (2005). Board monitoring and Earnings management: Do outside directors influence abnormal accruals? *Journal of Business, Finance and Accounting*, 32(7-8), 1311-1346. <https://doi.org/10.1111/j.0306-686X.2005.00630>.
- Poole, E. (2009). Spirit Guides. *Journal of Leadership Studies*, 3(3), 85-89. <https://doi.org/10.1002/jls.20129>.
- Prayogo, I., Ubaidillah, M., Sholih, M. W., & A'yun, A. Q. (2023). An Investigation of Management of Kanzus Sholawat on the Ethics of Preparing Financial Statements in Indonesia. *Global Journal of Business, Economics & Social Development*, 1(1), 1–6. <https://doi.org/10.56225/gjbesd.v1i1.1>.
- Randall, D. M. & Gibson, A. M. (2013). Methodology in Business Ethics Research: A Review and Critical Assessment. *Faculty Publications*. 1712. <https://digitalcommons.andrews.edu/pubs/1712>.
- Riemenschneider, C.K., Leonard, L.K., & Manly, T.S. (2011). Students' ethical decision-making in an information technology context: a theory of planned behavior approach. *Journal of Information Systems Education*, 22, 203-214.
- Riivari, E., & Lämsä, A. M. (2014). Does it pay to be ethical? Examining the relationship between organisations' ethical culture and innovativeness. *Journal of Business Ethics*, 124(1), 1–17. <https://doi.org/10.1007/s10551-013-1859-z>.
- Sayal, K. & Singh, G. (2020). Investigating the role of theory of planned behavior and Machiavellianism in earnings management intentions. *Accounting Research Journal*, 33(6), 653-668. <https://doi.org/10.1108/ARJ-08-2019-0153>.
- Sauser, W. I. (2005). Ethics in Business: Answering the Call. *Journal of Business Ethics*, 58(4), 345-357. <https://doi.org/10.1007/s10551-004-5715-z>.



- Singhapakdi, A., Kraft, K. L., Vitell, S. J., & Rallapalli, K. C. (1995). The perceived importance of ethics and social responsibility on organizational effectiveness: A survey of marketers. *Journal of the Academy of Marketing Science*, 23(1), 49–56. <https://doi.org/10.1177/00920703952310>.
- Shafer, W.E. & Wang, Z. (2011). Effects of ethical context and Machiavellianism on attitudes toward earnings management in China. *Managerial Auditing Journal*, 26(5), 372-392. <https://doi.org/10.1108/02686901111129553>.
- Striupaitytė, M. & Bachtijeva, D. (2023). Impact of Perceived Role of Ethics and Social Responsibility on Ethical Evaluation of Earnings Management and Motivation to Use It. *Buhalterinės apskaitos teorija ir praktika*, (27), pp. 1–17. doi:10.15388/batp.2023.53.
- Tanner, C., Gangl, K., & Witt, N. (2019). The German Ethical Culture Scale (GECS): Development and first construct testing. *Frontiers in Psychology*, 10, 1667. doi: 10.3389/fpsyg.2019.01667.
- Taek Yi, H., Payne, M.M., Anthony, J. E., & Podzorov, V. (2012). Ultra-flexible solution-processed organic field-effect transistors. *Nat Commun* 3, 1259 (2012). <https://doi.org/10.1038/ncomms2263>.
- Toro-Arias, J., Ruiz-Palomino, P. & Rodríguez-Córdoba, M. (2021). Measuring Ethical Organizational Culture: Validation of the Spanish Version of the Shortened Corporate Ethical Virtues Model. *Journal of Business Ethics*, 176, 551–574. <https://doi.org/10.1007/s10551-020-04687-y>.
- Treviño, L. K., Weaver, G. R., & Brown, M. E. (1998). It's lovely at the top: Hierarchical levels, identities, and perceptions of organizational ethics. *Business Ethics Quarterly*, 18, 233–252. <https://doi.org/10.1017/S1052150X00010952>.
- Turegun, N. (2024). How Ethical is Earnings Management? Evidence from Emerging Economy. *Accounting in Europe*, 1-31. <https://doi.org/10.1080/17449480.2024.2365378>.

- Uddin, N. & Gillet, P. R. (2002). The effect of moral reasoning and self monitoring on CFO's intentions to report fraudulently on financial statement. *Journal of Business Ethics*, 40, 15-32. DOI: 10.1023/A:1019931524716
- Vitell, S. J. (2009). The role of religiosity in business and consumer ethics: A review of the literature. *Journal of Business Ethics*, 90, 155–167. <https://doi.org/10.1007/s10551-010-0382-8>
- Walker, A. G., Smither, J. W., & DeBode, J. (2011). The effects of religiosity on ethical judgments. *Journal of Business Ethics*. DOI: 10.1007/s10551-020-04614-1
- Walker, A.G., Smither, J.W. & DeBode, J. (2012). The Effects of Religiosity on Ethical Judgments. *Journal of Business Ethics*, 106, 437–452. <https://doi.org/10.1007/s10551-011-1009-4>
- Yoon, C. (2011). Theory of planned behavior and ethics theory in digital piracy: an integrated model. *Journal of Business Ethics*, 100(3), 405-417. <https://psycnet.apa.org/doi/10.1007/s10551-010-0687-7>
- Ysseldyk, R., Matheson, K., & Anisman, H. (2010). Religiosity as identity: Toward an understanding of religion from a social identity perspective. *Personality and Social Psychology Review*, 14, 60– 71. <https://doi.org/10.1177/1088868309349693>
- Zeff, S. A. (2007). Some obstacles to global financial reporting comparability and convergence at a high level of quality. *The British Accounting Review*, 39, 290-302. <https://doi.org/10.1016/J.BAR.2007.08.001>
- Zaal, R. O. S., Jeurissen, R. J. M., & Groenland, E. A. G. (2019). Organizational architecture, ethical culture, and perceived unethical behavior towards customers: Evidence from wholesale banking. *Journal of Business Ethics*, 158(3), 825–848. <https://doi.org/10.1007/s10551-017-3752-7>
- Zarkada, A. & Fraser, C. (2003). Investigating the effectiveness of managers through an analysis of stakeholder perceptions. *Journal of Management Development*, 22(9), 762-783. <https://doi.org/10.1108/02621710310495766>

## APPENDIX 1: SCENARIO

You are a division manager of a large public company. Your bonus is calculated on your division's net income targets that you must meet. This year the target is TK. 25 crores. You are authorized to sign off on any decision made within your division. You are faced with the following situation:

On December 15, 2022, your division of the company ordered Tk. 50 lakh worth of supplies in anticipation of the seasonal rush. These supplies were delivered on the evening of December 29, 2022, and you expect to use all of the supplies by the end of the year. If you record this supplies expense this year, your net income will be Tk. 24.80 crores and you will not meet the target and will, therefore, not receive your bonus of Tk. 2 lakh that you have worked hard for. It is a violation of GAAP not to record this expense upon use, which you expect, but if you do record this expense this year for the year ended December 31, 2022, then you and some of your support employees will not receive a bonus.