

# Outside financial monitoring less common in Bible Belt companies

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WASHINGTON (RNS)—Companies in the Bible Belt are less likely to be sued for accounting fraud or to practice aggressive financial reporting, a study indicates.

Research by [Mays Business School](#) at Texas A&M University found companies headquartered in counties with high levels of churchgoing tend to use religion as a self-regulating mechanism in the absence of more formal external monitoring.

The study is not the first to examine fraud in the context of religion, but the A&M researchers are the first to use Gallup data in their analysis.

Gallup surveys show the top Bible Belt states where residents indicated religion is important in their daily lives are Mississippi (86 percent), Alabama (84 percent) and Tennessee (79 percent). Texas came in 13th with 72 percent.

The financial study examined shareholder lawsuits related to accounting malfeasance and other crimes. Overall, the study found a 49 percent decrease in the odds that a firm headquartered in a “religious” county will be sued for wrongful accounting.

The study is a measure of an overall accounting approach among firms of various sizes in the Bible Belt, not a means for predicting mega-frauds such as those at Enron Corp., which was based in Texas.

“We would view them more as anomalies,” researcher Nathan Sharp said. “What we focused on was smaller, systemic aggressive accounting occurring as almost a part of doing business.”

The study focused on how companies in areas of high levels of religion approached accounting.

“On average, when you hold everything constant, accounting practices are less aggressive in areas with high religiosity,” he said.

Sharp noted he is not sure to what degree investors will use the study’s findings when it comes to deciding where to risk their money.

The study also found Bible Belt firms scored lower on measures of corporate social responsibility, including support for the community and diversity initiatives.

But researchers believe corporate leaders in religious counties likely feel that role is best filled by religious groups and support those efforts through a church or organization rather than through the company.