A new philosophy for a contemporary global profession?

Jean Raar Ph.D

Deakin University,
Melbourne Campus
Victoria
Australia

Phone: +61 (03) 9244 6470
Fax: +61 (03) 9244 6283
Email: raar@deakin.edu.au

Keywords: values, accounting, community, moral, ethics, shareholder value.

Acknowledgements. A part of this paper was presented at the Fourth Asian Pacific Interdisciplinary Research in Accounting Conference (APIRA) 2004, and the helpful comments of the referees, participants, and also Allan Purnell have been appreciated. The recent comments by Emeritus Professor Richard Wilson and Professor Rob Gray are also gratefully acknowledged. In addition the detailed comments of an anonymous reviewer are appreciated.
Abstract

If accounting is to remain a professional institution, then change may be needed if it is to reflect its role of stewardship of corporate endeavours. The transition of corporations and the accounting profession to a global orthodoxy has implications for its stewardship role in terms of the values and morals underpinning the lens of the professional viewpoint. As business operations become globalised they transcend the multifarious cultures, religions and values operating in locally geographical areas. Biblical and historical events suggest that general societal values based only on greed and individual utility will fail in the longer term. Therefore the intention of the dialogue in this paper is to raise questions for reflection in relation to the moral values underpinning the integrity and ethical stance of the profession in its new global village. Ideally the business community and the accounting profession would operate in a paradigm of total utilitarianism that is beneficial to the community, not in their present paradigm of individual utilitarianism. One of these questions is the ability of the profession to uphold ethical standards against the global impetus of individual utilitarianism and consumerism. To an extent ethical codes assist, however the self-governance procedures and investigations of the local professional body may be outside their resources or geographical jurisdiction. So, what does the new global profession stand for?
Introduction

The concern in this conceptual paper is with the ontology that should underlie and unify the new global institution of the accounting profession. The call is for accountants to have defensible and binding values which are transferred into principles, adding another dimension to the issue of professional integrity (Norton, 1998). This discussion in this paper is drawn from the following three issues.

First, are the changing community values and their pertinence to the moral philosophy of the profession? At the crux of the diversity in dialogue in the literature is the creation of shareholder value as an over-riding objective of both the capital markets, specific firms, and the individuals in the general community i.e. a utilitarian approach. However, there are two perspectives to utilitarianism. First is a total utility where the objective is to maximize utility for the greatest number which is a community aspect, and second is the utility of each individual. Tinker and Gray (2003) unflinchingly espouse that community focused objectives including environmental and social values are not endorsed by capitalism. Individual utility overrides total utility. Capitalism however has an intrinsic relationship with profit, and accounting with its determination. Given this relationship how does - how can the accounting profession aid its credibility into the next generation and uphold ‘good’ values such as honesty, integrity, trust, the community and the environment? That is, how does the profession reduce opportunities for individual utility which may be directed away from the good of others and the general community?

Second, the strategic stance adopted by the profession legitimizes the profession to act according to community values. Sound business practices suggest goals, policies, resources and activities stem from a firm’s strategic stance, based on a firm statement of
business purpose. Translating this to the accounting profession, its means the strategic stance is not grounded in a firm mission statement, which flows into all of its policies, procedures, guidelines, standards and member activities. Institutions undergo change, one of which is the change in “values and/or structures that are assumed to characterize the institutions’ and as such ‘being an institution is a variable not a constant’ (Peters, 2000, p.7). The accounting profession’s role as an institution in terms of reporting measures of business performance and its current stance in relation to changing global practices, for example the reporting of greenhouse gas emissions, is not firmly established. With the upsurge in the practical implementation of international accounting standards perhaps this is an opportune time to reflect on the associated moral philosophy and strategic stance, and ethical implications of this change?

The third issue is particularly related to accounting tools and practice. Any decline in the quality of accounting practice can threaten the economic franchise underpinning the accounting profession (Reiter 1997, p.312). As accounting tools are used to communicate corporate performance, this franchise is interrelated with stewardship of corporation behaviour. From a strategic standpoint the mission statement of values underpinning the professional stance will influence the guidelines from which the practical tools originate, that is ‘the way it acts and the way it goes about carrying out its activities’ (Gynther, 1967, p.278). These stem from a statement of who we are, and also what we stand for.

While Evans (2003) suggests realism and theories are often incompatible, from a moral perspective the complexity of our ‘tools’ and systems should not offer opportunities for managers and professions, including auditors to distort, misjudge or ignore malfeasance. To allow such opportunities may give rise to a viewpoint that the profession is only concerned with the context of economic and professional rationalism and power.
Why the concern when the profession has ethical codes, and is an exponent of ethical education for potential members? One reason is that with the introduction of a global accounting profession the focus on pre-educational ethics and ethical codes may be insufficient as instruments to make this change.

The study is motivated by:

- the concern expressed by the Accounting, Auditing and Accountability Journal Special issues on Theological Perspectives on Accounting,’ to encourage 
  *interdisciplinary research in accounting that draws specifically on theological insights*’ (McPhail, et al., 2005, p.188,
- the prompting by Tinker and Gray (2003) for accounting academics to research and discuss outside their ‘comfort zone’ of economic relatedness,
- the discourse relating to the accounting profession proceeding beyond ethics to a 
  communitarianism approach with the accounting profession supported by a set of 
  morals and values (Dillard et al, 2004; Raar, 2006).

The research draws heavily on interdisciplinary dialogue and adapts the objectives of Doost (2003) who, following the Enron-Arthur Andersen issue raised what he termed ‘serious questions for reflection. Are these problems, symptoms of a much bigger problem?’
The study aims to

- raise questions for professional reflection as a basis for discussion on fundamental moral and ethical core values and commitments. The focus is directed to an understanding of who and what the accounting profession stands for, both to external parties and internally to its members.

In essence this paper draws on an interdisciplinary discussion on morals and ethics and includes clarification of these two terms. This perspective is used herein to promote dialogue as a part of an ongoing process to improve the integrity of the profession. Therefore, the following discussion highlights the distinction between the terms ‘morals’ and ‘ethics’. An unknown author (Meta) makes such a distinction. For the purposes of this paper personal morals ‘are accepted from an authority (religion, culture) and ethics are based on personally accepted principles’. These personal morals can be translated for application to a professional body. Ethics is viewed as rules for a rational group to govern its external relations i.e. with other entities, and morals as the rules for a rational group to manage its members.

The structure of the paper commences with the dichotomy between the capital markets and flows into the behaviour of corporations and management in their quest to maximize shareholder value. Also included in this discussion is the role of the accounting profession as stewards of corporate behaviour. The next section provides a discussion on ethics and morality, and is followed by the notion of a consensus in values between religious and other moral values. This is briefly reasoned, and then related to accounting values. The perspective of a society lacking moral stature is then reflected upon and is aided by a religious and historical argument for community moral values. The limitations
of the study follow, and finally a summary concludes the paper. A diagrammatical perspective of the content is provided in Figure 1.

**Figure 1.**

![Diagram of Capital Markets, Behaviour, Accounting, Shareholder Value, and Legitimacy]

**Capital market a point of commencement.**

Firms are evaluated in the capital markets, which in turn influence behaviour at the corporate level. Also influencing corporate behaviour is the communication tools which are provided by the accounting profession to measure their performance and legitimize their activities. The theoretical perspective of legitimization gives shareholders and creditors preference over other stakeholders, and emphasizes the capital market perspective of a firm (Aglietta, 2000).

At the macro level our market economy supports the economic pursuit of profit and growth, while at the micro level a business cannot survive without profit. But what
business and financial strategies were adopted to attain the profit and maximize shareholder value (Aglietta, 2000), and at what affect to the community, to the environment, and ultimately to the stakeholders of individual firms? The role of accounting is to define and calculate the drivers of market value, and audit the accounting information reported to external parties. Reiter, (1995) in quoting, Wallman, (1995) highlighted that

*Accountants are the gatekeepers of our financial markets. Without accountants to ensure the quality and integrity of financial information, the markets for capital would be far less efficient, the cost of capital would be far higher, and our standard of living would be lower. .........The accounting profession has undertaken a function that promises society a number of benefits, including lower investment risk and better resource allocation. In turn, accountants have been granted a legally enforceable franchise – no company can come to the public markets without an accountant’s attestation* (Wallman, 1995, p. 82).

An efficient capital market maximizes satisfaction by fulfilling the greatest number of individual preferences – a total utilitarian function. ‘The utilitarian approach raises additional ethical problems that cannot easily be answered from within a utilitarian system’, as the issues of alternatives, consequences of actions, harms and benefits, and the time scale relating to the consequences are imprecise. When making a decision about what ‘ought’ to happen, these are taken from the option that provides the greatest benefits to the greatest number (Brown, 1998, p.338).

Adopting a capital market perspective introduces the ‘ethically meritorious model’ of shareholder and stakeholder theory: Post (2003) defends the latter. In general the issue amounts to user needs in terms of (a) the determination of self-interest, individual utilitarian vis-a-vis the total utilitarian perspective, and (b) is the reliance embedded in monetary outcomes sufficient information?

**Behavioural implications.**
The accounting profession is the source of communication on corporate performance. While it is the capital markets who determine shareholder value, the accounting profession provides signals in relation to firms’ performance, which have direct and indirect behavioural implications (refer Figure 1). In terms of agency theory, one such behaviour is to enhance monetary outcomes in order to provide individual benefits.

A focus on individual benefits has resulted in recent corporate failures. As a consequence the accounting and auditing professions, as stewards of corporate behaviour, were admonished in terms of public trust. ‘When ethical values are falling, people often turn to government for help’ (Smith and Smith, 2003). Dishonesty and opportunism in contracting can only expand the regulatory requirements and the associated costs. Although a proliferation of laws resulted from Enron and other corporate failures, laws and their associated issues are not always transposable with moral requirements. Franchised by the capital markets as stewards of corporate behaviour ‘the response to crises of the public accounting profession in the US has been to form committees and commissions whose recommendations end up changing little of substance’ (Reiter, 1997, p.313).

Professionals and indeed any decision-maker in business may find a conflict with the pursuit of shareholder value, the legal requirements associated with business, and the obligation to pursue the interests of other stakeholders (Aguilera et al., 2006) including the general community interests. Therefore, Jones (1995) argues that the adoption of voluntary standards of behaviour, including shared values of honesty and integrity can support a sound economic system at both macro and micro levels. Allan et al., (2003), suggest trust demonstrates that values are understood and respected, and in turn common
values enhance reputation, credibility and trust. Fragmented values lead to diminished trust, and is often referred to as the morale within an entity or professional group. Trust is established by ethical conduct, which is as important as an asset such as tangible plant and equipment items (Pearce, 2003).

At an international level the profession has focused on ethics. Specifically, it has been directed to ethics in education, and the consistency of ethical codes for the various professional bodies operating within individual geographical locations. For example IFAC issued an Exposure Draft “Proposed International Education Practice Statement – Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes” in September, 2006, for comments by December, 2006 (http://www.ifac.org/Store/Details.tmpl?). Arguably the code of ethics is directed primarily towards the relationship of the professional body to external parties, and the educational aspect is for internal members’ honesty. That is, we attempt to teach the difference between ‘right and wrong’ and if a member is deemed greedy and dishonest, then the ethical codes can provide a professional reprimand. Hence, the profession is ‘seen’ by external parties to be self-regulatory. At this point the discussion pauses to reflect on these aspects.

**Ethics.**

A code of ethics for members supports the conduct of professional organizations. Moreover as Valentine and Fleischman (2002, p. 301) point out in their comprehensive literature review, ethical codes:

- are used by firms and professional bodies to ‘create moralistic’ paradigms
• ‘can decrease unethical conduct’ and increase or inspire ethical conduct and performance
• can prompt the commitment of individuals within its jurisdiction, and increase their belief in the ethical conduct of the firm (or profession)
• demonstrate that the company, (or profession) values moral business conduct
• demonstrate social responsibility.

An interesting contrast is that ethical codes may also offer opportunities for ‘creative accounting’ (Meta), and managers resolved problems based on their individual values, not through the corporate credos, company loyalty, or by their religious reflection. Codes of conduct or hot lines to assist members, actually provided little assistance (Atkinson, 2002, p.217).

On a practical basis for individual members Petrick and Scherer (2003) provide action steps to increase the moral resources of professionals. One of these also focuses on education - to teach sustainable process and developmental integrity in terms of a management asset, and also accountability for judgment integrity (p.42). Such a viewpoint adds a systems approach to moral integrity.

Ethics education (McPhail, 1997; Loy et al 2006; Boyce, 2006) has been debated and researched, with the suggestion that accounting educators can do more to support the ethical underpinnings of graduates to act ‘meaningfully’ during the course of the professional careers (McPhail, (1997); Boyce, 2006). The problem that requires confrontation is what is ‘meaningful’ (Boyce, 2006) for members, and for dealing with
external parties in a globalised environment, for example culture, environmental and social issues, monetary rewards?

Critisisms of ethics education include:

*The universities are responding with an increased emphasis on ethical training for decision making. For the most part, however, they ignore the teaching of values. For moral or ethical education to have meaning, there must be an agreement on the values that are considered 'right’* (Brackner, 1992 in Smith and Smith, 2003, p.2.).

Central to their argument these authors suggest that the basic personal values of ‘honesty, self-control, concern for others, respect for authority’ are passed down through the generations.

For the individual the resolving of ethical and moral dilemmas will depend for example on whether John Stuart Mill’s utilitarianism or Immanuel Kant’s Deontology (Post, 2003, p.25 -26) is adopted.

*The two main schools of ethics can be found in modernity. The deontological position is based on moral obligations and asserts the existence of universal morality which obeys the principles of rights, duties, and justice (e.g.Brandt, 1959; Kant, 1964; Nozick, 1974; Rawls, 1971). The teleological position which embraces consequentialism, egoism, act-and rule- utilitarianism, views morality as acts that produce the best net consequences (cf.Bayles, 1968; Smart and Williams, 1973). What is ‘good’ is no longer life’s natural purpose; instead, it is defined by absolute rules of moral duties or utility. What is ‘good’ is no longer life’s natural purpose; instead, it is defined by absolute rules of moral duties or utility (Singer, 2000, p. 188).*

Under total utilitarian ethics – the community benefits - what is considered good for the majority. This ‘good’ is measurable albeit usually only in monetary terms. However, there is the moral aspect to the utilitarian principle for example, that natural resources can be used for the benefit of the greatest number. Nevertheless, Kant’s moral and ethical imperative was that one does one’s duty, and not what will provide the most monetary reward. In Kant’s view the moral act should be based on intention rather than the result, i.e. duty and justice, instead of greed and fear of punishment (Twesigye, 2001, p.453).
Moral concepts underpin the judgements integrated within ethical decision making. Ideally, the agenda of the individual accountant, and that of the manager adopting a strategic stance for profit generation, is not prompted by a hidden agenda of undesirable self-interest (Haste, 1998).

Legal and indeed ethical codes underpin the professional perspective, however moral interpretations of these codes take one step further and are supported by individuals’ background, education and correct knowledge, culture, etc (Twesigye, 2001). Guidance in accounting education, knowledge, principles, standard and the associated culture is promulgated by the accounting profession. To date this has not been totally effective (Evans, 2003). Furthermore, the existence of core values is recognised in the literature as crucial to professionalism (Smith and Smith, 2003).

The forefront of professional consciousness is to signal financial outcomes, which is allied with the stewardship of business resources. On this point the relativistic ethic of social responsibility and the interactional ethical approach “which considers morality as a dynamic process of ongoing social dialogue aiming at resolving moral conflict arising at any point in time” (Singer, 2000, p.189) are highlighted in terms of a harmonious interaction of the accounting profession and community values.

Therefore, as a professional body, and adopting an institutional rather than an individual approach, the pragmatic issue for debate is what is the moral obligation/responsibility of the profession? The importance of answering this question will be implicit in the individual choices in terms of the interpretation of principles, and the deliberate and knowingly choice between ‘right and wrong’. The justification for the emphasis on the
moral obligations of the profession rather than the individual has two main aspects, (a) an external (trustworthiness, honesty) focus, and (b) an internal focus. This means that the individual members will undertake their normal accounting duties according to the professional social values and standards – which are formulated in accordance with social or community values.

Hence, it is reasonable and logical to suggest a refocus on the dynamics of a global accounting profession in their role as a communicator of financial information. Once these dynamics are established, a consensus of values and corresponding approaches to standard setting and their principles could be firmly determined.

**Where to start for a consensus of values**

In determining a set of values, the question arises ‘what is morally right or morally wrong?’ (Kneese and Schulze, 1985, p.197). The following discussion is a set of information that provides a basis for the profession to apply a moral standing through a consensus of community values to its global stewardship stance (Raar, 2006).

Religion is an expression of human existence. ‘It is the basis for forming personal and community moral values of honesty and trustworthiness’. Understanding the different religious faiths represented globally can lead to a consensus of values that are held throughout the world. It is anticipated that such a search would also reveal a common need for a just and compassionate society (Ali and Gibbs, 1998; Raar, 2006). Humans are designed to co-exist in harmony, love, and justice – to live together, work together a harmonious community (Genesis 1:26-27; Twesigye, 2001).
Moral judgment is based on ‘norms’ which make others abide by them, although it cannot be empirically verified (VanDeVeer and Pierce, 1998). Justice was used in relation to morality in terms of the

\[
\text{state of harmonious balance within each individual and with the social community}..... \text{the notion of justice embraces both due process and due outcome (Singer, 2000, p.189).}
\]

However, it is important to highlight that the intention herein does not imply the Judeo Christian viewpoint is the singular source of insight, and the author acknowledges that while religion is a frame of orientation and an object of devotion, it reflects internal spiritual values for different communities of people. Lewis (2001) highlights that the Muslim religion (also an Abrahamic based religion) has as a system of business ethics – that is, one that requires individuals to treat each other fairly, honestly and equitably. Resources and property are held in trust to God and the individual is ultimately accountable to him for the stewardship of those resources.

\[
\text{Whether or not we trust God depends on our untestable faith; whether or not we trust human beings and can be trusted ourselves depends on our testable beliefs. Trust takes us to the realm of postmodern ethics, which demands from us responsibility for our choices and accountability for all of the consequences of our actions, including the unintended but predictable ones (Strassberg, 2005, p.321).}
\]

Furthermore, Marx perspective was not dissimilar to that of Jesus who cared for the lower, poorer sector of society, believing that the rich accumulated wealth through ill-gotten gains at the expense of the poor. He also rejected material goals and self-interest, and the associated measurement of wealth as evidence of God’s favour (Luke. 18.25) – that is profit at the expense of community values.

Jesus also challenged the teachings of the scribes and Pharesees times, in terms of their authorship, i.e their interpretation of the gospels, the laws and political perspectives.
These were not designed to benefit the community, that is there was no social contract to assist the poor and weak. The *Bible* also supported a change in values, albeit in attitude on behalf of the employer, and indeed the “ethical duties on employers”. In referring to Leviticus 25:39:41 and 43.

> When both management and labor are primarily concerned with their own self-interest, it is likely that both will be delayed in reaching the optimal solution that maximizes social welfare. However, when both subscribe to a mutually held higher value system, they can more quickly reach a mutually maximizing payoff. The philosophy of the *Bible* is an example of such a system (Cohen and Friedman, 2002, p 960).

Accounting is not able to flourish apart from the rest of the business world, and has its principles and practices have been guided by a selection of community values. The accounting heritage supports a role of stewardship, honesty and trustworthiness. Without these the next generation of professional accountants may struggle to understand the central values. Changes that are currently occurring may incur disrepute on future professionals (Wilson, 1998).

**Back to the beginning: Immorality and the historical fall of civilizations.**

The accounting profession records, reports and communicates financial information on which concerned stakeholders base their decision choices. Even in the biblical era, it was expected that accurate records were kept in accordance with the commandment of Moses (Holy Bible: Exodus 38-21-31). Furthermore, even though Moses kept the records of the precious metals contributed to construct the Tabernacle, he employed an external party to ensure these records were above suspicion (Gellis *et al*, 2002) – a stewardship role.

The foundation for the dialogue herein is to consider historical perspectives (including religious) that immoral behaviour is not rewarded, and to highlight the changes over time
in communities and their associated values. Currently, firms are failing due to immoral acts of management and staff. In the past civilisations have fallen through the immoral acts of the population. Commencing with Noah, a brief overview of historical changes is outlined below.

Noah was challenged to adopt the values and immorality of his era. He chose not to do so, and was rewarded by God. The story of Noah’s Ark stems from his faithfulness to God’s values in a world where monetary goals and corruption prevailed (Twesigye, 2001, p.214).

Noah’s story is that of faithfulness to God’s values in a world where monetary goals and corruption prevailed. Even if Biblical stories are not meant to be taken literally as historical evidence, they challenge the social life and thinking when they are considered (Twesigye, 2001). This challenge aligns with our planet’s present ecological and moral situation.

.....Noah’s story is not history, but an appropriate prophetic, environmentalist, moral and religious story about the world now. It states that the global human moral evil has corresponding destructive global consequences on both humanity and the environment. Human moral evil and wickedness during the days of Noah were so great that it polluted all God’s creation...(Twesigye, 2001, p. 214).

However, it is also recognised and pointed out

... for anyone, especially an educated or thinking adult, to understand and interpret the Genesis prophetic moral warning as most effectively communicated in a parabolic moral story of Noah’s flood, is like taking literally the fairy tale of Snow White and the Seven Dwarfs or Jesus’ parable of the Good Samaritan (Twesigye, 2001, p.210).

As Twesigye points out we cannot go and look for the historical Ark, nor its descendants.

Reverting back to the morality of the discourse, even in this early period of history, power and control and indeed monetary greed were at the forefront of commercial decisions and the fall of civilisations and empires. The commercial aspect was increased as more cities were established by the Romans, for example, Cologne, Paris, London, which provided administration and trade basis.
Invaded by a Germanic tribe (West Goths) the Roman Empire fell. Augustine argued in The City of God (van Vliet. 1997; Doost, 2003) that the fall of the Roman empire was caused by vile passions, power and greed, and it was devoid of moral behaviour. This was followed by the Middle Ages, the Reformation period 12 and 13th Centuries which were the forerunners of the Reformist and Renaissance in 14-16th Centuries (van Vliet, 1997).

During the Middle Ages, the 9th Century Feudalism, where a servant was bound to his master, began to fade, and had the king or emperor at the top hierarchical level, supported by barons, counts dukes etc. Power resided with to ‘hierarchy’ of society. This changed with feudalism, which decreased the power of the government and king, and increased that of the nobility. During that period commercial cities grew, and emperors such as Otto the Great (912-973 AD) appointed religious leaders, bishops, to ‘own’ the land. As these leaders did not marry, there was no generational transfer of the land, and power remained with the emperor or king (van Vliet, 1997 pp. 11-12).

The advent of the Crusades in the 12th Century allowed Europe to extend trade, and with the change and new cities came a change in the political or power base. As mentioned above, the nobility and religious clergy held the power, however as result of the Crusades the freeing of serfs and bondsmen eroded the Feudal system and the power of the nobility. Under the Feudal system land was used as capital to settle debts, and now the increasing number of cities and need for money introduced the lending of money by wealth merchants, for interest (van Vliet, 1997). The transfer of money for the return of interest introduced the moral dilemma of determining the interest rate.
Calvin (1509-1564) questioned the morals of the money lenders and the interest rates they charged to poor farmers who were without the economic means to support the necessary payments. Calvin was concerned with economy, particularly with anything related to preventing individuals for working, and emphasised the need for an employer to adopt Christian norms and values and extend love to employees, and the master should be in the situation of the employee and hence treat him/her accordingly (van Vliet, 1997).

In 1938 England legalized the charging of interest by Christians. In order to support their lending decisions, bankers required an independent statement of the firm’s position, thus professional public accountant emerged (MacNeal, 1962) to add equity and fair dealing to the contract.

This account also includes the subject of Marx and communism, centering on the issues of capitalism - a system which Marx perceived allowed the rich and powerful to oppress and deceive the working class labourers. As the rich and ruling class was predominantly of the Christian faith, Marx considered both to be hypocritical. On one hand they espoused the teachings of socioeconomic justice and love of thy neighbour while on the other hand concern was focused on greed, with material items the objective rather than goodness, peace and harmony (Twesigye, 2001). Hence, Marx perceived Christianity was merely a vehicle for the rich to act in an unethical and inconsiderate manner. However, the culture, moral values, expectations, philosophy, education, world-view, and theology applicable to these previous eras differ from the present-day communities, and as Twesigye (2001) suggests, ‘are no longer valid’.
Societies are tragically vulnerable when the men and women who compose them lack character. A nation or a culture cannot endure for long unless it is undergirded by common values such as valor, public-spiritedness, respect for others and for the law; it cannot stand unless it is populated by people who will act on motives superior to their own immediate interests (Colson, 1989, p.67).

If the accounting profession is to pass the basic values of honest, self-control concern for others, and respect for authority from on generation of members to the next, then the problems outlined in the above quotation are relevant.

**Adapting to changing community values**

Given the move towards a global profession, the accounting profession is keeping pace with the reality of the society. Notwithstanding, the profession is judged by the ‘language’ it communicates, the symbols, the meaning of reports, and also its intentions when preparing the principles, standards and ethical codes under which it operates. However, alongside the globalisation of accounting standards, the culture and accounting ‘language’ for many countries has, or will change. What was local, including business and professional fundamentals and community values is now global. The accounting profession does not operate in isolation.

...cultivating the image of a global citizen and that of a culturally sensitive person in a borderless world are viewed as essential for establishing effective business relationships. Likewise, in today’s world people are become more aware of the shared and common factors of life and are more willing than ever to minimize the importance of the sources or divisions and conflicts (Ali and Gibbs, 1998, p 1577).

One of the issues of conflict within the community albeit and a local and global level, is the focus on monetary rewards and profit, to the detriment of the environment and society (Tinker and Gray, 2003). Manifested in the anthropocentric view under which humans have intrinsic rights over and above the rights of other species, a view which substitutes human beings as God, and all things are measured and valued in terms of human benefits
(Twesigye, 2001). However, it is suggested that the origin of our environmental and indeed other social malfunctions is that humans are privileged (Des Jardins, 2001) and are basically obsessed with monetary gains and with short term success (Mitchell and Scott, 1990, p.26).

This ‘human’ perspective can be attributed to the Psalms (8, Holy Bible) which emphasises that humans are the ‘thinkers’ of creation, and custodians of the planet. Humans have intelligence and religious sentiments that are not observed in any other animal species. Humans are God’s representatives and created in God’s image (Genesis, 1.28, Holy Bible) and that God’s purpose, intervention and activity are carried out through his/her responsible and moral agents - human beings.

The Bible tells us that God created man in his own image- giving him dominion over birds, fish and every living thing (Genesis, 1:26-29, Holy Bible). Nevertheless God also gave us the freedom to choose, voluntarily. Individuals can choose their preference for material goods, and they can also choose not to degrade the ‘sanctity of the human community’ (Twesigye, 2001). What individuals ‘voluntarily choose and do with their freedom and lives has great consequences on themselves, other people and the world’. For example environmental protection, or alternatively destruction, financial gain or loss, is ‘linked to our choices of actions’ (Twesigye, 2001, p. 190). Enron, WorldCom and other corporate failures resulted from ‘choices of actions’ in terms of their financial funding and associated decisions, which were based on materialism, and self-interest. Unfortunately, with a decrease in societal values it is difficult for the individual to maintain a high ethical standard (Smith and Smith, 2003.).
Essential arguments for accounting ‘values’

The culture of a profession comprises of a system of core value norms, which are based on societal values, and which in turn prompt and reinforce the behaviour of members – a community or ‘milieu’ approach (Haste, 1998; Raar, 2006). In approaching ethics, Kant views the individual as judging for a community or group, and any valuation and policy is made on the basis of what he/she considers to be right and not what is preferred (Freeman, 1998, p.30).

Moral behavior and evaluations are both learned and expressed in complex social interactions, and indeed a capacity for moral judgment is meaningless outside a sociocultural context. We need to understand how our moral sensibility is shaped through enculturation and how its application functions in relationships between individuals and among communities (Looy, 2004, p.221).

Furthermore, “what individuals “voluntarily choose and do with their freedom and lives has great consequences on themselves, other people and the world” (Twesigye 2001:190). Through a reflection on honesty, trust and ‘oughtness’, there appears to be a path in which to transfer the intrinsic value of ‘self’ to those of the community ‘good’ (Raar, 2006). As Viederman (1997) points out multinational ‘corporations have little commitment to community or place’, or indeed to future generations.

Widening of professional horizons.

The introduction of international accounting standards in a number of countries launches the globalisation of the accounting profession – across cultural and religious jurisdictions. The international accounting standards being adopted by an increasing number of countries are based on principles and supported by a conceptual framework. Sunder (2005) suggests the shift from social norms to rules of behaviour is a wrong path. However, it does appears that the accounting profession has decided that the ‘whole profession is of more value than the ‘individual cultures’, that is the sum of its parts, as
social norms and culture are specific to the society they service’ (Sunder, 2005, p.384).

However, as highlighted in Reiter (1997) below, the focus on norms and culture are important to society.

*There may be serious implications for the future of the profession of public accounting if customer service replaces public service in the professional ideal. The aspect of public service interest is important to the argument that public accounting is a profession* (Chandler and Edwards, 1996; Lee, 1995; Preston et al., 1995) in Reiter, (1997).

**Language and communication**

If the accounting profession is perceived as social institution (Gynther, 1967) acting as a steward for corporate behaviour, then it operates for the benefit of stakeholders, not just the capital market participants. Currently accounting communication consists of numbers, symbols of financial performance, based on generally accepted accounting standards. Hence, both the sender and the recipient must be conversant with these codes, principles and symbols if sound communication is to take place. Communication can assist in *[education, information sharing and community building’ and socialization]* (Twesigye, 2001, p. 428). If the communication process is not working, the language is being misused, for example in the case of accounting provides opportunities for creative accounting, or fraud then the symbols, principles and standards may need to be adapted.

Accountants can use their ‘language’, principles, practices and education to reflect and empower trustworthiness. All of these can be sustained by a moral standing. This ‘language’ is reflected in the conceptual framework and associated standards which assist all members of the profession to abide by a systematic process in order to equitably distribute short term information. By so doing, the accounting profession asserts that rational decision-makers can rely on these principles and standards, and therefore regulatory intrusion need not be necessary.
Nevertheless, as mentioned, accounting does not operate in a static environment, and is undergoing change in accordance with community and business values. These values are currently directed to corporate responsibility and social and environmental issues, and communicated in non-monetary terms. Does this aspect of community values form part of ‘who we are and what we stand for?’ Hence, our language is a tool that requires change if sound communication is to be facilitated (Twesigye, 2001), and stewardship of corporate behaviour remain with the accounting profession.

**Discussion and limitations**

If the moral future of the profession is to have roots in its past, and if future professionals are ‘expected to respect the present as part of their past’, then the individuals within the accounting profession will appreciate the context of human values. Although the following quotation was directed to environmental issues, it is extended to the accounting profession in terms of the accounting culture and associated behaviour.

*If we do not pay need to the context in which future generations form and question our values, they will indeed live in a different world than we do; we will have contributed nothing to their culture* (Norton, 1998, p.447).

A wider focus in terms of a community perspective may be necessary to support ethical education if the relationship between the accounting profession and the larger community are to be enriched (Naess, 1998). However, further discussion on emotional responses and the relationship of culture and individual religious beliefs is outside the scope of this paper.

Research efforts in the future may examine in detail the moral concepts for the accounting profession associated with its duties, rights, utilitarianism, contractarianism and individual ethics. In addition, arguments can be put forward either ‘for or against’
delineating the terms, ‘ethics’ and ‘morals’. Furthermore, the interdisciplinary eclectic concepts highlighted in this paper are subject to imperfections, and criticisms.

**Conclusion**

The concepts and subsequent dialogue in this paper are not ‘quite’ as removed from the function of capital markets as Tinker and Gray (2003) suggest. However, as a result of the globalization of accounting standards, it is feasible to raise questions as what the institution of accounting supports. It will be on these answers that its professional credibility and integrity is judged into the next generation. As a consequence of the changes in the profession, any evolution in the principles and accounting standards in terms of symbols, language, can reflect a new consensus of core moral and ethical values. Such a change provides an opportunity to remove any ‘unexamined epistemological or ontological assumptions’ (Twesigye, 2001, p.414) inherent within the global framework and standards.

The content of this paper has raised issues and reasons for the accounting profession to consider its particular stance on issues that now legitimize global business activities. The intention of the paper was to raise questions such as,

- if language in viewed as the symbolic behaviour of people, then as the professional communicator on corporate performance what do we want our behaviour to portray?
- Does the realm of the accounting profession’s jurisdiction remain within the boundaries of monetary symbols and financial reporting?
- Can the moral standing, i.e. trustworthiness and credibility of the profession and the moral decision-making of members be based on a consensus of international morals and values?
These questions are now open to both constructive criticism and constructive evolutionary solutions.
References


Evans, T. G. (2003) *Accounting Theory Contemporary Accounting Issues*, Thomson, Ohio, USA


---

1 For the interested reader, a full discussion on business ethics and religious thought can be found in Ali and Gibbs 1998.