

Fostering values: four stages towards developing professional ethics for future accountants

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Abstract. The many accounting scandals occurred in the last three decades have change the perspective of accountant globally. As such, the higher institutions have to play their role in nurturing professional ethics in order to change the misconception towards the profession. Our observation of the literature indicates that incorporating professional ethics in higher institutions is a way forward towards developing future accountants with values. Henceforth, we conducted a generic inquiry study to explore how higher institutions could inculcate accounting graduates with professional ethics. Our findings show a conceptual framework which depicted four stages towards incorporating professional ethics at tertiary level education there are: 1) value development, 2) ethics maturation, 3) professionalism development and 4) ownership through effective implementation and enforcement. Consequently, the findings contribute to expanding the current knowledge in our conceptualisation of the professional ethics concept. In addition, the findings support the development of ethics education for accounting graduates in higher institutions in Malaysia. We consider that this study provides evidence to educators and policy makers that teaching methods and pedagogical policies should ensure professional ethics education in business schools in Malaysia is treated as a pervasive element of curricula rather than an optional choice.

KEY WORDS: Accounting students, ethics educational strategy, professional ethics, professional ethics development, professional ethics model, qualitative research

1. Introduction

In recent years, the accounting profession has experienced a damaging threat to perceptions of its conscientiousness in dealing with ethical issues. This threat has developed as a result of both collective and individual characteristics of accountants. Collectively, there is a view that accountants lack professional ethics [1]. At an individual level, the role of accountants and their firms in the global accounting fraud of the last two decades and their failure to recognise and report the management weaknesses suggest significant shortcomings in the professional ethics of the accounting profession. Some asserts that the many accounting fraud showed an ethical lapses among accountants [2].

Several scholars have identified dysfunctional or ineffective ethics education as one of the causes of a perceived decline in ethical behaviour [3]. Other scholars have called for higher education institutions to revisit the position of ethics education and the development of graduates' knowledge of and competency in ethics [4].

Given the magnitude of the perception of the poor professional ethics standards among the accounting profession, we propose that professional ethics need to be more effectively inculcated and that this can be undertaken through formal education at higher institution. Henceforth, we attempt a study that suggests strategy for the development of professional ethics. Our direct experience of teaching in accounting and our familiarity with various accounting curricula also underpin our view that there is a need to change the philosophy of education in ethics for accounting graduates. Similar voice of concerns has been pointed by Dellaportas [5], who claimed that giving attention to ethics awareness and sensitivity is not enough for today's accounting graduates. He found that focusing on how ethics should be taught is not enough: what matters is whether students are able to make moral judgments after they have attended discrete and dedicated ethics courses. Thus, the intention of this paper is to provide support for educators in higher education institutions in Malaysia particularly to enable accounting programmes to embrace the nurturing approach for professional ethics in order to develop graduates with a more effective ability to address ethical issues and uphold ethical values. Hence, we construct a research question, that is: how to foster professional ethics among accounting students in Malaysian higher institution. Using the generic inquiry method we explore the phenomenon with the aimed of providing conceptual framework for fostering professional ethics for future accountants prior to joining the work force. Based on our endeavour of seeking knowledge related to the research inquiry, our findings show a conceptual framework which depicted four stages towards incorporating professional ethics at tertiary level education they are: 1) value development, 2) ethics maturation, 3) professionalism development and 4) ownership through effective implementation and enforcement.

2. Literature review

Scholars have claimed that violation of ethical norms in business in general and among accountants specifically has motivated higher institutions to improve their ethics teaching methods [4,5].

Some scholars suggest that teaching ethics is an effective mechanism for developing ethical principles in accounting students and O'Leary and Mohamad [6] argue that teaching ethics plays an important part in achieving the goal of having ethical practitioners. Their study of a group of final year accounting students focused on the impact of ethics instruction on future accountants and which instructional methods – lectures, tutorials or group assignments – were effective in developing ethical practitioners. They found that teaching ethics has an impact on student ethical decision making. Others, such as Klimex and Wenell provide evidence concerning the mode of teaching ethics. Their study assessed the ethical reasoning ability of 60 senior undergraduate accounting students in a higher education institution in the United State [7]. They found that the group that followed the stand-alone ethics course showed higher ethical reasoning ability than the group that followed the integrated ethics course. This suggests that in accounting education stand-alone ethics courses might be a more effective teaching mode than an integrated ethics approach. Similar findings were noted in other study. Others also found that exposure to ethics is necessary for accounting graduates prior to their becoming accountants [8].

Slocum et al. conducted a study of integrated micro-insertion for the teaching of business ethics and explored the researchers' experiences in teaching ethics in an undergraduate business class [9]. They developed a conceptual model of the micro-insertion method, which they believed led to greater efficiency in teaching efforts aimed at inculcating moral reasoning. Jun Gu and Neesham also found similar outcome which support the assertion that exposing students to identify-based and rule-based teaching improved student ethical decision making [10].

In the Malaysian context, studies have predominantly been conducted in relation to the perception of ethics in general, showing different levels of perceptions of ethics. One such example is Rashid and Alsagoff's study of perceptions of ethics among managers in Malaysia. Their most significant finding was that Malaysian managers had high ethical values at the time, although there were differences in the level depending on the manager's position, the type and size of the business and the job specification [11].

The closest links in studies between ethics and the accounting profession in a Malaysian environment can be found in the research of Yunanda and Abdul Majid [12] and O'Leary and Mohamad [6]. The former focused on religion as an element of ethics in the accounting profession and the latter examined the influence of ethics teaching in accounting

courses. In their investigation, Yunanda and Abdul Majid emphasized the importance of religion as an element that guides ethical reasoning [12]. Interestingly, they argued that a code of ethics in itself is not enough to provide a framework for ethical and moral reasoning for accountants. According to Yunanda and Abdul Majid, religion promotes ethics in business through guidance towards principles of personal and professional ethics. The principles of personal ethics were identified as having the characteristics of concern for the well-being of others, respect for the autonomy of others, trustworthiness and honesty, willingness to comply with the law, justice and fairness, refusing to take any unfair advantage, benevolence and preventing harm [12]. For professional ethics the characteristics were identified as objectivity, impartiality, full disclosure, openness, confidentiality, due diligence, fidelity to professional responsibilities and the avoidance of potential or apparent conflict of interest. Yekta et al. also found similar results in that codes of ethics do not have a significant impact on reporting wrongdoing in organizations [13]. They suggest that codes of ethics can work effectively and will prove positive in the reporting of wrongdoing if an organization invests time and effort in building good employee relationships. Although there is great concern on developing professional ethics, there has as yet been little academic focus on professional ethics, particularly in Malaysia. It is thus timely to explore this issue in order to provide a better understanding of professional ethics for the accounting profession.

3. Methodology

Considering the nature of the research questions, we examine the phenomenon using qualitative research approach. Specifically, we employed the Generic Inquiry Method (GIM). GIM is an approach that does not confined to any philosophic assumption as other qualitative method such as phenomenology, grounded theory and ethnography [14]. Generic qualitative approach merely seek to understand how people interpret, construct or make meaning from their world and their experience [15] which fit into our aim of study, seeking information from the people based on their experiences in academic and practiced on how to foster professional ethics to our future accountants at higher institution prior to joining the work force.

The sample of respondents was selected based on the purposive sampling method. Purposive sampling, as explained by Ritchie et al. [16], allows the researcher to choose respondents based on particular features or characteristics which enable detailed exploration of the research topic. Hence, based on the suggestion we interviewed seven respondents, they were: three academics, one practitioner, two members of professional accounting bodies and one team member from the My3S program.

The interviews conducted sought information on the participants' views of the process of nurturing professional ethics. Following completion of the interviews, the recorded data were transcribed verbatim. These were then analysed using Spencer et al.'s method of analysis, incorporating the three processes of explanatory accounts, data description and data management [17]. Based on our analysis, we developed a model that represents the process of nurturing professional ethics, which is presented and discussed in the results section of this paper (see Figure 1).

4. Results

Based on our interpretation of the data, we developed a model mapping the voices of the respondents to the process of nurturing professional ethics. This model comprises four stages, there are: value development, ethics maturation, professionalism development and ownership. These four elements need to be implemented and enforced in order to foster professional ethics. Figure 1 shows how these four elements form the environment in which professional ethics develop.

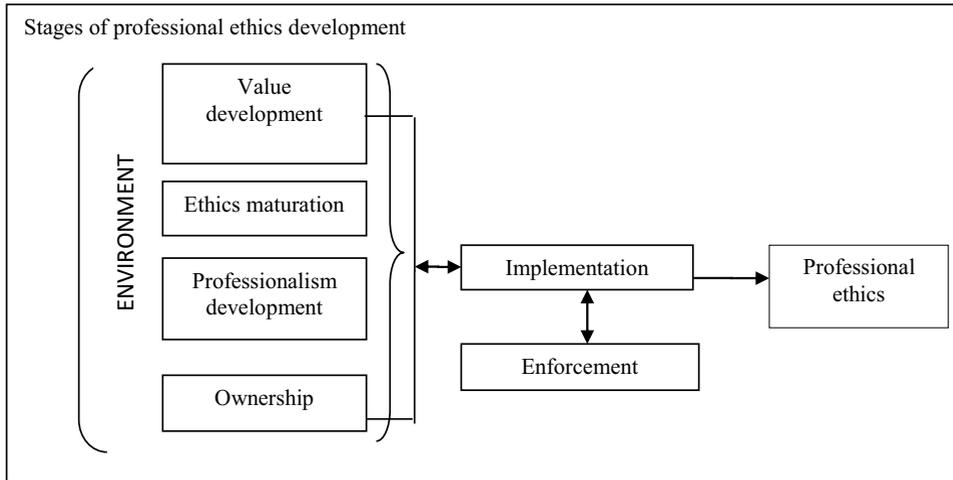


Fig.1. Stages of professional ethics development

The goal of our study was to gain understanding of the process of nurturing professional ethics among undergraduate accounting students. In so doing, we generate a conceptual model as shown in Figure 1, of nurturing professional ethics at tertiary level. Our study aimed to demonstrate that fostering professional ethics is a new strategy with potential in the education of accounting students. We assert that value development, ethics maturation, professionalism development and ownership are the four key strategic elements of fostering professional ethics and that these have the potential to support the development of future accountants who will uphold ethical values.

Our study has found that the ethical canons and standards of professional codes of conduct provide fundamental roadmaps for the individual, although the principles of the individual are equally significant. Individual principles are groomed and nurtured by significant figures and forces in the individual's background. Here, there is a notable linkage with value development during childhood. The data indicated that the respondents perceived that values within the context of home, school and referent others (peers and role models) influenced the fostering and acceptance of ethical principles.

The ethics maturation process is a process of inculcating an ethical culture with the objective of nurturing ethical reasoning. A fundamental part of the ethics maturation process, as represented in our data, is learning from peers and others prior to starting work in the profession. This is a notion closely allied to what Merton and Rossi [17,18] term 'anticipatory socialisation', defined as "the process of adopting attitudes and beliefs of a reference group before obtaining membership" (p. 85). We posit that this is a process of learning that can take place in the university environment.

From another perspective, Garavan and Morley defined anticipatory socialisation as "all learning that took place prior to a graduate's first day on the job" [19] and which guides the professional socialisation of students. Our respondents emphasised that professional ethics can be nurtured through an integrated mode of formal and informal teaching and learning. Thus, the respondents highly recommended that university authorities not only employ the classroom approach as a formal mode of learning that inculcates professional ethics, but also support informal modes of learning, such as self-policing, as a means of anticipatory socialisation.

Another point raised was the role of self-development programmes, such as internships and training. Internships provide opportunities for students to develop moral reasoning and moral decision making. Most of the respondents concurred that internships develop interactive skills and inject professionalism. These skills are identified as components of the ethics maturation process. Internships would provide chances for students to gain familiarity with the profession before enrolling as members.

Our study also supports the strategy of inculcating ethics by introducing ethics-based learning, integrating the traditional rules-based teaching approach and a contextual ethics-based approach. Whereas the traditional rules-based teaching approach relates to formal classroom learning, embedding ethics in the curriculum with the aim of developing intellectual reasoning, the context-based approach involves learning outside the classroom, for example in extra-curricular activities, with the aim of building moral development. By integrating the two modes, it might be possible to overcome the shortcomings of a single approach. Dellaportas [5] and Sisaye have argued that the traditional modes of integrating ethics in the accounting curriculum need revision [20]. Sisaye for example, opines that the traditional mode of learning strategies is not effective as it is a single loop approach [20]. He proposes the use of sociological organisational learning strategies, i.e. functional-institutional and consequential-conflictual strategies, contending that these are effective as they exhibit positive relationships with moral and ethical reasoning. Both learning strategies are useful, as they may change the prevailing pedagogy and contribute towards positive results.

Furthermore, this study highlights the value of fostering a sense of 'ownership' in the profession as a means of enabling professional ethics development. Ownership relates to sense of pride in the profession and of stewardship. As part of this, we would point to the salience of adhering to the code of conduct of the profession and upholding its values (i.e. integrity and being morally upright) as elements in our data related to honouring the profession.

5. Conclusions

We have undertaken an exploratory study that support towards developing strategy for fostering professional ethics at higher institutions. We have developed a contemporary framework, which identifies the key factors to be considered in developing professional ethics and the various stages in the process of nurturing ethical principles that could be useful guide for policy setting in the accounting profession. Given the limitation of the literature in this aspect, we concur that the findings contribute to expanding the current knowledge where it provides conceptualisation of the professional ethics concept. In addition, the findings support the development of ethics education for accounting graduates in higher institutions in Malaysia. We consider that this study provides evidence to educators and policy makers that teaching methods and pedagogical policies should ensure professional ethics education. Our findings are especially significant for accounting educators and business schools in terms of the implications for education aimed at developing professional ethics. Our findings provide a guide for educators in higher institutions, proposing a new strategy for ethics education encompassing four processes: value development, ethics maturation, professional development and fostering ownership. Most importantly, higher education is identified as the ideal environment in which to foster professional ethics (notwithstanding the role of early development). In sum, this study serves to highlight the conceptual and practical benefits of integrating strategies for the development of ethical principles in higher education institutions generally and accounting faculties specifically in Malaysia. We suggest that future research should consider exploring the phenomenon using a case study.

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