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Moral will, accounting and the phronemos



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ABSTRACT

This commentary examines the work of [Everett and Tremblay \(2014\)](#) and their contribution to critical accounting. They examine three key ethical dilemmas that confront modern accounting practice. They examine a set of in-depth interviews, the autobiography of the former Vice President of Internal Audit of WorldCom, Cynthia Cooper, and the documents of the Institute of Internal Auditors (IIA) to shed light on accounting and audit ethics. The dilemmas confronting the accounting profession are complex and multi-faceted, which they place in their socio-economic context using ideas from Pierre Bourdieu. I add ideas from [Lovibond \(2004\)](#), [MacIntyre \(1984\)](#) and [McDowell \(1993\)](#) as well as audit work by Jere Francis. My solution involves accountants acting like the phronemos. The phronemos is Aristotle's term for a wise and ethical person who has the capacity to judge and act appropriately. This ideal of the phronemos is used to examine the ethical ambiguities in accounting that involve analyzing the critical role that accounting curricula, education and pedagogy play in making better judgments. This critical accounting focus was also a focus in Chabrak and Craig's work on accounting education. They examined professional credentialing and professional education. Like Everett and Tremblay, they also point us toward the public interest role of accounting and our societal need for better and informed judgments. The comment concludes with the observation that Aristotle's notion of the phronemos is an ideal type that promotes virtue ethics to address the drift in accounting away from ethics and its public interest role.

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1. Introduction

In their paper 'Moral Will and Moral Skill in a Heteronomous Field' (2014), Jeff Everett and Marie-Soleil Tremblay outline the pressures that create ethical dilemmas for auditors. They build a multi-methodology based around an analysis of three different ethical narratives. This methodology uses interviews, an autobiographical monograph, and information provided on a website. This combination of methodologies seeks to reveal the forces that have led many critics to question the ethics of auditing. Their examination in the field of internal audit uses a set of in-depth interviews, the autobiography of former Vice President of Internal Audit of WorldCom, Cynthia Cooper, as well as some documents from the Institute of Internal Auditors (IIA). Their strategy aims to reveal the power of various ethical approaches – deontic, teleic, and aretaic – that can be used to explore the audit field.

[Everett and Tremblay \(2014\)](#) bring these various narratives together using Pierre Bourdieu's theory of power and his metaphor of a social field. His notion of the social field reflects a space where people interact with each other. Bourdieu developed the concept of a social field to explain the space where people and their social positions are located. He argued that the position of each particular agent in the social field is a result of interactions between the specific rules of the social field, people's habitus and their social capital. The social capital created includes social, economic and cultural factors ([Bourdieu, 1984](#)). Bourdieu's theoretical developments aim to unlock the power vectors that direct individuals to take certain pathways

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while submerging other ethical and moral factors in the field. It is argued that the accounting and corporate decisions taken by people in the field often conflict with their personal beliefs.

The aim of this commentary is to complement [Everett and Tremblay's \(2014\)](#) arguments that concern the cultural, ethical and moral factors in the audit field or horizon of value. They use Bourdieu's concept of a social field to bring together the intuition that a cross-section of perspectives will shed more light on the ethics within it. Obviously, this strategy contrasts with the usual positivist methodology that explores only one homogenous group, based on causal and linear assumptions (i.e., for example, professional pronouncements). Pointedly, Everett and Tremblay question whether auditors are being asked to embrace a moral will that is ambiguous, if not conflicted. The implication is that accountants have lost sight of that moral compass. They discuss the fate of whistleblower Cynthia Cooper at WorldCom who exposed internal control faults in the company. Like many whistleblowers, her future work prospects have become somewhat limited. The WorldCom disaster posed serious questions for a modern technological culture as it impacts on what democracy and community mean in a setting where ongoing public intervention and decision-making are trivialized. WorldCom perpetuated this fraud by booking expenses as assets, thereby fraudulently acting against shareholder interests; escalating profit was all that mattered.

2. Alasdair MacIntyre's disquieting suggestion

[Everett and Tremblay \(2014\)](#), in their use of Pierre Bourdieu's idea of a social field, interestingly converge with the similar insights of MacIntyre's classical Aristotelianism. In his now classic, *After Virtue*, MacIntyre makes seven central claims about the need for moral education and a virtuous life. He begins his book with an allegory that is suggestive of a future world. In MacIntyre's future world, all sciences have been dismantled and we have lost the means to interpret charts, symbols and scientific tableau. MacIntyre observes:

Imagine that the natural sciences were to suffer the effects of a catastrophe. A series of environmental disasters are blamed by the general public on the scientists. Widespread riots occur, laboratories are burnt down, physicists are lynched, books and instruments are destroyed. Finally, a Know-Nothing political movement takes power and successfully abolishes science teaching in schools and universities, imprisoning and executing the remaining scientists. Later still there is a reaction against the destructive movement and enlightened people seek to revive science, although they have largely forgotten what it was. However, all that they possess are fragments: a knowledge of experiments detached from any knowledge of the theoretical context which gave them significance; parts of theories unrelated either to the other bits and pieces of theory which they possess or to experiment; instruments whose use has been forgotten: half-chapters from books: single pages from articles, not always fully legible because torn and charred. ([MacIntyre, 1984](#), p. 1)

MacIntyre asks what the sciences would look like if they were re-assembled from the remnants of scientific knowledge that survived the catastrophe. He claims that the new sciences, though superficially similar to the old, would, in fact, be devoid of real scientific content because the key suppositions and attitudes would not be present. Everett and Tremblay, like MacIntyre, claim that the commercial world is in a similar state of disorder. The issue is whether ethics, audit and morals have the same status as the language of natural science. That is, can we manage the audit function in the same way that scientists predict outcomes through experimental design?

MacIntyre predicted these dilemmas between moral theory and procedural science back in 1987. The trend to model audits and accounting with scientific concepts has accelerated under globalizing capitalism. For accountants, the ethical issue is how to recognize that they have moral obligations and then satisfy them. The issue for accounting theory is how moral principles can be reflected in the construction of more procedures, such as internal auditing of organizational processes. Of course, accounting and auditing are complicit if they fail to explore the dynamics between what accounting reports and what it does.

Accounting education has become trivialized and links to broader social science are ignored (see [Neimark, 1996](#)). As an example, it is interesting to observe that ethics courses have been removed from accounting programs due to cost pressures. Ethics courses are replaced by more business case scenarios that are designed to illustrate how ethics, profit and sustainability can be combined. It is assumed that difficult moral choices can be avoided in win-win combinations. This is to be achieved when profit leads to sustainable outcomes. This is assumed to occur in an increasingly profit-oriented post-graduate education. The question remains: should auditors be the final arbiters of fairness?

In recent times, the processes of centralizing education have increased under the auspices of competitive capitalism. One obvious trend is that ethical audit education is no longer a profit-making course. As a lecturer in these courses, it has been fascinating to observe the changing student attitudes toward ethics education. It is interesting to observe that in advanced economies, such as Australia, the Masters of Accounting now earns points to gain citizenship. These points can be cashed in by prospective residents when they reach the designated threshold. This commentary adds to the observation made by [Everett and Tremblay \(2014\)](#) that accounting education is at a moral crossroads. The ethical audit is transformed within the business model, thereby further ensnaring ethical audit in further conundrums. The authors observe:

While the profession privileges ambiguity and 'lightness' in its ethical narratives—a lightness that relies on a certain 'feel-good factor'—we find a Kantian 'heaviness' characterizes both its practice and the experiences of its moral exemplars ([Armstrong et al., 2003](#); [Apostolou and Apostolou, 1997](#); [Knapp, Louwers, and Weber, 1998](#); [Libby and](#)

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