Decision-making Processes in the Context of Ethical Dilemmas:
A Study of Accountants in Training

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DECISION-MAKING PROCESSES IN THE CONTEXT OF ETHICAL DILEMMAS: A STUDY OF ACCOUNTANTS IN TRAINING

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Abstract

The ability to make sound decisions when faced with ethical dilemmas lies at the heart of being a professional accountant. Yet many of the recent corporate reporting disasters demonstrate that, despite being over a century old, the accounting profession has yet to find a way of dealing effectively with ethics. This is reflected in the ethical training of accountants which tends to follow a rules-based approach to instruction, thereby producing accountants who are often criticized for being rules-followers at a time when many are calling for a more principles-based approach. Within a qualitative framework, the study explored the difficulties trainee accountants confront in constructing a decision-making process whilst seeking to maintain the stance expected of them by, inter alia, professional codes. This is in contrast to mainstream, mainly positivist, research efforts which measure those factors influencing accountants' and accounting trainees' decision-making. Rule-following and deference to one's profession is regarded as symptomatic of low-level ethical awareness and impedes ethical development (Harris and Brown 1990). The study will therefore be of interest to educators and the profession alike, both of whom seek to have graduates enter the profession with high-level ethical awareness.

This study adopts a social constructivist and interpretive research approach informed by structuration theory and uses vignettes to explore accounting trainees' decision-making processes. Semi-structured interviews were held with 12 BA (Honours) Accounting students in their final year of study. Field notes and participant feedback augmented interview data. Thematic analysis, coding and categorization applied through template analysis was used to explore both students' decision-making inclinations and the structural elements reported as impacting on decisions at a particular point in time. A cross-case comparison showed that, contrary to much of the literature, students adopted a principles-based approach to decision-making. This finding, in itself, may have far-reaching implications for the way in which ethics is taught, whether by business schools or by in-house organizational programmes.

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Peter Hughes

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Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work.

Name: Peter Hughes

Signature: …………………………………………

Date: ………………………………

1. Introduction

Had John F Kennedy and Martin Luther King been accounting trainees in the 21st Century, or indeed accountants, they would likely have struggled with their vision for human behaviour. Concern for the ethical proclivities of both accountants and trainees has been expressed by numerous research studies (see, for example, Zeff 1989; Gray *et al.* 1994; McPhail and Walters 2009). Findings from this literature suggest that accounting trainees, at various points in their studies, believe that accounting is essentially a technical activity and that moral discernment has no place in that activity. Studies further find that, even when ethics *is* part of the curriculum, trainees become *less* ethical, in terms of their cognitive moral awareness, as their studies progress, and are *less* ethical, in terms of their awareness of ethical issues, than other professional groups. Little wonder then that some researchers (see, for example, Enyon *et al.* 1997) find that practitioners demonstrate similar 'failings'.

1.1 General purpose

The purpose of this study is to explore how accounting trainees make ethical decisions in a professional context. Whilst having a lower level of ethical reasoning than other professional groups might be seen as a 'failing' by some, the level achieved by an accountant might be seen by others as being appropriate to that accountant's activities. This is at the heart of the debate concerning rules *versus* principles in decision-making and is one of the study's main concerns. The study contributes to practice, pedagogy and knowledge concerning the ethical proclivities of accounting trainees and, in particular, those concerning their decision-making processes. Concern is not with making normative claims or generalisations, but to understand and explore "what is going on" in ethical decision-making (Saunders et al 2007: 113). The research processes confronted accounting trainees with a series of vignettes

containing ethical dilemmas. Data was collected by means of qualitative interviews and analysed using thematic analysis, coding and categorization conducted through template analysis.

1.2   Author's position, interest and approach

Most researchers are motivated by some form of personal interest in their topic (James and Vinnicombe 2002). In doctoral studies especially, this usually manifests in a desire to make a contribution to a field of expertise. In this respect, the reason for undertaking this study was to make a contribution to the field of accounting ethics. This field and that of accounting practice generally are those I have been involved with during all of my working life.

In my research, as in much of my teaching, I agree with Wolcott's (2009: 18) claim that "writing *is* thinking" and in that "it is also a way to uncover lacunae in our knowledge or our thinking" *is* research. By this means, the process of writing *down* might at the same time be the process of writing *up*. This suited the qualitative nature of the study. As I came to see the participant's world through his/her reports, the jottings and musings, memos and observations that I noted, became the analysis. I am therefore inextricably embedded in this study's research process. As a result, my approach is to write in the first person wherever possible. Much of the thesis is written from a personal perspective with observations and reflections mentioned throughout at the point at which they relate rather than in the conclusions. My research style therefore reflected my teaching and lifestyle and was more intuitive than formal and more meandering with footnotes to illuminate issues and tangential points, than linear. The inevitable consequence of this approach is that tangential issues often arise which are posited as issues of interest to researchers. The opportunity is taken to note them as such and to move on with the study's central issue. The aim here is not to frustrate the reader but to be open and transparent about my style.

1.3 Objectives

Following Maxwell (2005), who distinguishes intellectual, practical and personal research objectives, five objectives were developed for this study. The research questions developed in association with these objectives are included at Chapter 3.3.3 (p 77).

1. To conduct a critical review of the accounting, philosophical and psychology literatures concerning accounting and business ethics to confirm the identification of a gap in the literature (*intellectual*).

2. To design a qualitative research methodology to explore the gap in the literature mentioned above and thereby make an original contribution to knowledge (*intellectual*).

3. To make an original contribution to the development of a theory concerning the ethical decision-making of accounting trainees (*intellectual*).

4. To make an original contribution to practice, pedagogy and knowledge by discerning shared patterns of meaning concerning participants' decision-making processes. (*practical*).

5. To further my personal interest in the ethical behaviour of accountants in training (*personal*).

Saunders *et al.* (2007: 34) state that "[t]here is probably no word that is more misused and misunderstood in education than the word 'theory'", which is why the place of theory in research is contested (Wolcott 2009: 70). It is necessary therefore to make a note concerning the place of theory in the research, especially as the study is descriptive and exploratory rather than explanatory. There are theoretical implications from the study and from sources used and critiqued in the literature review. Theory is used only so far as it is necessary to introduce, tell, compare and learn from participants' stories of their ethical decision-making. Theory is introduced at those points at which it relates to the findings. The implications are then explored further in the conclusions chapter. In this way theory is used to make the research more accessible to readers. As, in my experience, the

behaviour of accounting trainees is motivated by a myriad of issues, in the conclusions I have also used my professional judgement to propose multiple interpretations where possible. The objective is not therefore to advance any particular theory *per se*, or make an original contribution to one. Rather, the objective is to present an exploratory and descriptive account which contributes to the possible development of a theory by others (Wolcott 2009: 74). This note concerning the place of theory in this study is summarised in Figure 1.1.

Figure 1.1 Place of theory in the study

STUDY MODEL

Relativist ontology

Interpretive epistemology

Qualitative methodology

CONCEPTUAL FRAMEWORK

Research questions are inevitably theoretically informed (Silverman 2005: 97) and emerge from the conceptual framework. Theory is a set of concepts used to define some phenomenon (p.98).

STUDY

FINDINGS &

LITERATURE REVIEW

Theory is what researchers are engaged with when they link their research to the work of others (Wolcott 2009: 66).

What participants say and how they make decisions, the comparison of data and its implications all involve a theorizing about data.(Silverman 2005: 105).

CONCLUSIONS

Theory is a way of asking (inquiring) that is guided by a reasonable answer (interpretation) (Wolcott 2009: 75).

1.4 Structure of the thesis

The remainder of the thesis contains four chapters which reflect the research objectives above in a non-mechanistic way. Chapter 2 provides a review of the relevant accounting, philosophical and psychology literatures in order to ground the study. That is, it seeks to provide an answer to why the ethical proclivity of an accounting student is of interest to practice and educators. To achieve this, it places accounting ethics into its historical context,

discusses its nature and relevance and explores the increasing interest in the topic including that of researchers. This review provides the main research questions to be considered later in the study.

Chapter 3 makes clear the research design and methodology developed in order to answer the research questions. This was a challenge due to the scarcity of guidance in the literature, that is, i) most research in this area adopts, as explored in chapter 2, a positivistic approach and, ii) there was no previous research which empirically explores the complete decision-making process of accounting students. The essential purpose of this chapter therefore is to outline the study's boundaries. This will be achieved by: explaining the choice of research instrument, which is the vignette[1], exploring the difficulty in selecting an appropriate research paradigm, explaining how I am embedded in the research and outlining the eventual research design which is founded in a qualitative framework. A second purpose is to explain how the study seeks to present a credible case and this will be addressed in the final sections at which point issues concerning data analysis, validity and ethics are presented.

Chapter 4 presents the findings and discussions arising from the application of the above research design to the study questions. The order of the chapter will follow the order in which research questions were addressed. The chapter with include personal reflections and observations at appropriate points.

Finally, chapter 5 draws conclusions and discusses, from this exploration of the decision-making processes of accounting trainees, the implications of the research findings for practice, pedagogy, knowledge, theory development and future research. Findings may be affected by limitations in the research process, these are also recognised addressed.

Having introduced the study, the thesis will next provide a review of the relevant literatures.

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[1] The vignettes used in this study are short scenarios containing examples of business related ethical dilemmas about which participants are invited to respond by adopting the guise of the protagonist.

2 Literature Review

2.1 Introduction

Why is the ethical inclination of an accounting student when faced with a business dilemma of concern to professional practice and educators in the 21st Century? This chapter seeks to answer this question by examining the relevant accounting, philosophical and psychology literatures. The next section of the chapter provides a brief historical context concerning the development of business and accounting ethics as both an academic and a professional education subject. As I have worked as an accounting academic for over three decades my own experiences are an inexorable part of this context. This historical overview is therefore interwoven with a personal reflection on my own initial journey into the accounting profession. It also lays a foundation for the study of accounting and business ethics today.

It is generally held that accountants in a free-market system cannot be trusted to act responsibly. The two following sections therefore outline the nature and relevance of the problem and propose that, as the free-market system needs accountants to be trustworthy, it is relevant to explore the ethical proclivities of those taking their first steps towards becoming accountants, that is, accountants in training. Accounting trainees are entering the profession in the wake of many corporate scandals that have occurred during the last decade. Driven largely by these scandals, discussion of professional accounting ethics has increased. The subsequent four sections therefore draw upon the relevant literature to explore this observation. *Firstly,* by exploring what ethics is, that is, a study of moral values. *Secondly*, in two sections, by exploring what applied ethics is and what it deals with, that is, the application of philosophical methods to identify the morally correct course of action in a particular field relative to real-life situations. In the context of this study, 'real-life situations' refers to the study of moral theory in relation to business and accounting. *Thirdly,* by exploring in more detail why interest in business and accounting ethics has increased.

The preceding sections of the chapter lay a framework for its final three sections. The first of these final sections is an exploration of how the increased interest in business ethics has manifested itself in business and accounting ethics research. The penultimate section explores what is missing from that research and explains the study's contribution to practice. These latter two sections conclude that business and accounting ethics has mainly been researched from a positivist perspective. Qualitative studies of ethical decision-making are thereby noticeable by their absence. This study goes some way towards filling this gap and in doing so makes a contribution to both practice and education. The final section considers a rarely researched area and that is the use of students as proxies for practitioners

2.2   Historical context and personal reflection

I joined the UK accounting profession over three decades ago and in all aspects of my professional working life have tried to follow the dictum, first presented to me as an accounting student, that the ability to maintain and demonstrate the highest level of ethical conduct is one of the most important and distinctive features of professionalism. This dictum was accepted unconditionally both by me and, as far as I was aware at the time, by my peers as an axiom of accounting professionalism. Today, it is still held to be one of the main characteristics of a profession, as Rezaee (2009: 75) exemplified with his claim that "acceptance of ethical duties or responsibilities is the cornerstone of a profession." However, this acceptance of the dictum, as an almost unquestionable mantra of the professional, meant that critical study of the concept by both the profession and academics was largely felt unnecessary; as De George (2008: 5) points out:

> "for the most part, ethical issues, if they were discussed, were handled in social issues courses…academics working in [the field]…found a cool reception both from their colleagues in philosophy departments and from those in business and business schools. The former did not see business as a philosophically interesting endeavor…The latter questioned whether philosophers had anything of interest to bring to business...Many observers dismissed business ethics as a fad that would pass".

At the time of my joining the profession then, business ethics, which includes accounting ethics[2], was neither a stand alone nor even an examinable subject. The profession tended to construe the term ethics as "a matter of etiquette and professional manners" (Gowthorpe and Blake 1998: 3) so that maintaining high ethical values and being ethical was just what one was expected 'to do' as a professional accountant.

2.2.1 Business ethics: a contested concept

Partly as a result of the accounting profession's inertia, business and accounting ethics remained largely uncontested in the UK until the 1980s when as a result of a growing number of corporate scandals, such as Ford Pinto[3], Hooker Chemicals[4] and, Equity Funding[5], its present frame with an emphasis on the subject as an academic discipline, began to emerge. Van Luijk (1999: 353) notes that at this time business ethics began to be "gradually admitted to the curriculum of business schools". This move to study the subject in its own right was reflected in America, with one result being that the study of business and business ethics from the point of view of the "divine right of businessmen, shifted to the rights of others, including customers, employees and competitors" (McMahon 1999: 351). This development of business and accounting ethics as a worthy academic subject, of importance to groups other than simply the professional, resulted in a growth of literature critical of the accounting profession and of its response to ethical questions. Sikka *et al*. (1994) typify this criticism: "accountancy professes…to serve the public…this is not evident from the ethical guidelines, auditing practices or the lobbying practices of the accountancy bodies" (in Blake and Gardiner1998: 98).

Despite these emerging efforts in the academic world, the business and accounting world of the post 1990s is once again replete with high profile ethically-charged corporate

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[2] Business ethics has as its broad object the study of the morality and immorality, as well as the possible justification of, economic systems (De George 1987). Due to the centrality of accounting to any economic system (McPhail and Walters 2009) its ethics can be seen to be a subset of business ethics.
[3] Ford decided it was more cost-effective to pay compensation to customers who became burn victims as a result of a vehicle manufacturing fault, than it was to remedy the fault.
[4] Company covered up the dumping of cancer inducing waste products.
[5] Accounting fraud involving a computer system dedicated to creating and maintaining fictitious insurance policies.

controversies.[6] These cases have resulted in severe questioning of accountants' ethical attitudes and a resultant lowering of respect for accountants generally. It is little wonder then that both the accounting profession and academics are more concerned than ever before about the ethical proclivities of both practitioners and students when faced with business dilemmas. Such concern has resulted in a growing amount of literature, which for me as both accountant and educator, has produced some rather worrying notions. For instance, some of the ensuing literature (see, for example, Gray *et al*. 1994; Helliar and Bebbington 2004) reports that accounting practitioners in both large and small firms lack the moral reasoning abilities expected of university educated adults. They also demonstrate lower levels of moral reasoning than other professional groups (Eynon *et al.* 1997). If anything, practitioners either tend towards a middle-of-the-road ethical position or demonstrate an amoral attitude (Fleming 1996). Accounting students fare no better, with other findings from the literature suggesting they become less ethical as their studies progress, are less ethically aware than students of other disciplines, and think accounting is essentially a technical and, as with practitioners, an amoral activity (McPhail and Walters 2009). As an educator who has always tried to encourage the highest possible ethical standards, these findings are hugely disappointing.

2.2.2   Accounting profession's response

The accounting profession has responded to these concerns with a number of developments and initiatives; such as, the revised Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) in 2009 and the mandatory ethics component of the training of accountants by the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland and the Association of Chartered Certified Accountants. The following statements by these professional bodies reveal the extent of the disconnection between the above literature findings and

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[6] Such as WorldCom (non-existent assets), Enron (multiple accounting irregularities), Global Crossing (inflated earnings), Parmalat (non-existent liquidity) and, Arthur Andersen (audit firm convicted of obstructing US government's investigation into Enron).

expectations of those bodies concerning the behavior of both practitioners and accounting students:

"A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest" (IFAC 2009: 6).

"We believe ethics to be the cornerstone of being a chartered accountant. Your ACA qualification demands the highest ethical and professional standards…" (ICAEW 2009).

"Ever increasingly commercial pressures are being brought to bear over ethical considerations. A strong ethical base is the hallmark of any profession. The Institute's Code of Ethics ensures that public confidence in CAs as distinct from other business advisers is maintained". The Institute's code of conduct explains this, for instance, as behaving with integrity and striving for objectivity (ICAS 2009).

"Values, ethics and governance are essential skills for finance professionals. Not only will we train you to be a good accountant, but also an accountant that's good. As an ACCA student, your ethical and professional development starts from day one" (ACCA 2009).

At a recent ICAS Research Development Event, I was informed by the institute's research director that developing the ability of accountants to act at the highest possible ethical levels is one of the accounting profession's most urgent and important priorities.[7] The profession is therefore keenly aware of the above disconnect and of the need to find a solution. The need has become more focused by growing support for a move from rules-based approaches to accounting and ethics, as in the US and continental Europe, to more principles-based approaches, as in the UK (ICAS 2006).[8] The ICAS (2006: 4) report points out that a rules-based approach would seek to establish an "unambiguous decision-making method", so there would be no doubt as to how, when or where a rule would be applied; whereas a principles-based approach would constitute a widely supported "general statement...intended to support truth and fairness and act as a guide to actions". Although the report essentially concerns the application of accounting standards it is clear that its authors believe there is an ethical dimension to their application, as one of the report's

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[7] ICAS Research Development Event 2010, Edinburgh, March 2010.
[8] The rules/principles debate is dealt with more fully in Section 2.7 p.42.

recommendations is that training of present and future accountants is required if they are to make "sound and ethical judgments" (ICAS 2006: 3) when applying accounting standards.[9] These different codes of conduct raise problems for the profession which must necessarily have a global perspective. An example from my own teaching will explain this: imagine an accountant in the US pushing right up to the line of the rules in an accounting standard to produce the best possible profit figure; if that same accountant finds himself in the UK and using a principles-based approach, there would be few 'lines' or boundaries against which he could push – it's not that one approach is necessarily better than the other, it's that they require different approaches, or philosophies, to decision-making. Developing accountants' abilities in such principles-based decision-making is what the profession appears keen to achieve.

2.3   Nature of the problem

Questioning of the ethical proclivities of accountants and accounting students has raised concerns in the accounting literature about whether they can be trusted to act responsibly in a free-market system. Machan (1999: 88) for instance, aired this concern when questioning the actions of business actors generally: "a most serious controversy about capitalism is whether people who manage commerce and business (the professional arm of commerce) may be trusted to use their own judgment concerning how to conduct themselves". In turn, this has raised concerns about the ethical stance adopted by accountants and accounting students when making decisions. Perhaps because the profession is presently in a state of transition from rules to principles-based accounting, the above professional bodies' statements show that the profession currently appears to expect that its members adopt a mixed ethical stance approach; for example, involving rules-based consequentialism, with a "responsibility to act in the public interest via a code of ethics" (IFAC 2009), principles-based right action, such as "behaving with integrity" (ICAS 2009) and, virtue, such as being "an

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[9] ICAS (2006) authors were drawn from the financial services sector, academia, the accounting profession and other sectors of commerce.

accountant that's good" (ACCA 2009)[10] This apparent conflation raises two important

questions, 'What *are* the moral behaviours of those who choose a career in accounting?' and

"How *do* they demonstrate those behaviours?'

Several authors explain that such concern for accountants' behaviours has promoted ethics

to a position of major importance in a number of areas. It is of concern, for example: to

businesses in the free market system (see, for example, Rezaee 2009), to individual

accountants (see, for example, McPhail 2006), to the accounting profession (see, for

example, Pierce 2007) and, to educators (see, for example, AACSB 2004). The AACSB

(2004: 7) summarized this concern within the context of management education, when

proposing that educators need to "ponder more deeply and creatively on how to advance the

awareness, reasoning skills, and core principles of ethical behavior that will help to guide

business leaders as they deal with a changing legal and compliance environment".

Professional codes of ethics require accountants to act at all times with integrity and honesty

(see, for example, IFAC 2009). However, practice increasingly suggests that accountants

are not only failing to do this but failing to recognise any transgression. For instance, media

coverage of a recent corporate reporting scandal reveals that, despite a fraud which cost

thousands of employees their jobs and which lost investors billions of dollars, Richard

Causey , CPA and former chief accountant for Enron – let it be known through his lawyers

that he felt he had done "absolutely nothing wrong" (Teather 2004: 2).[11] This is clearly

contrary to the feeling of the court as it delivered an overwhelming guilty verdict and imposed

a 5-7 year jail term.[12]

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[10] Virtue ethicists argue that whilst, in certain circumstances, it may be important to be able to act within certain rules or articulate certain principles, it is *more* important to be virtuous (Hartman 1998; Whetstone 2001). This is covered more fully in Section 2.5 p.26.
[11] CPA is the abbreviation of Certified Public Accountant (US).
[12] It is interesting to note that this failing to recognise any wrongdoing also affected non-CPA board members. Causey's fellow director, with whom Causey perpetrated much of the fraud, CEO Jeff Skilling, let it be known that his 24-year jail sentence was "not only for crimes that he did not commit, but for acts of business judgment that are not crimes at all" (Clark 2008: 1).

2.4 Relevance of the problem

To fully understand the relevance of accounting ethics would require a full analysis of accounting's role in society; a role which is hotly contested (McPhail and Walters 2009), with calls by some for the literature to contain more research concerning "what accounting is not" (Gray *et al.* 1994: 64). However, such an analysis is not within the scope of this study. Instead, the study will assume the widely held functionalist view that accounting's role concerns the provision of information (see, for example, Clarke 1998). Further, although there are a variety of political/economic systems served by accounting, this study will be concerned only with the Westernised free-market, capitalist system, which Rezaee (2009: 4) refers to as a "bedrock principle" of Anglo-American economies such as the UK's. Efficient capital markets are essential to the prosperity and economic growth of such economies, and businesses and their accountants have a crucial part to play in ensuring that outcome.

Accountants then have a pivotal role in ensuring the integrity of the system by providing high-quality financial information; that is, information that is reliable, accurate and transparent (Rezaee 2009). This is not a simple task, the relationship between accounting and the world it 'accounts about' is complex. My own career experiences have shown me that many think accounting is simply a technical skill and thereby devoid of any moral considerations; and that accounting practices simply communicate a reality. This is partly the case, but as well as communicating reality, those practices "also play a part in creating, sustaining and changing…reality" (Hines 1988: 258). In this, my own teaching experiences put me in agreement with Hines. The process by which an accountant's world is created is complex and often convoluted, and accountants tend to dislike such apparent chaos. I believe that this is partly due to a 'mis-selling' of accounting by educators and that it is incumbent upon them to make accountants more aware of the subtlety of the process, of just how undetermined their world is, of how in practice it is socially-constructed, and of the essential role they enact in the 'creating, sustaining and changing' of it. Of course, to serve the free-market system, the accounting world must function effectively, so I would not wish to

see a free-for-all, and its ensuing chaos. Rather, I would wish to see accountants adopting a more reflexive approach. Such an approach would see accountants ceasing to act solely in conformity with the customs and conventions of accounting, thereby also seeing them abandoning their inclination to preserve their world as it is. Instead, I would wish to see them question those customs and conventions and seek to change accounting if they deemed it necessary. Lee (2002: 5) reminds teachers and researchers that their role "is to support practice and practitioners by producing future accountants who can think and integrate research and practice". Maclagan (1998: 183) proposes that this is achieved partly by ensuring that students are able to view ethical dilemmas from the point of view of the person facing the dilemma, principally by the use of cases or, as with this study, vignettes.[13]

An issue for me as an educator is that my own experiences reveal that many accountants and, in particular, accounting students believe their accounting world is constructed from concrete artefacts, tools of the profession such as profit, professionalism and ethics; a reality which exists independently of themselves as individuals. Hines (1988: 257) refers to this as their "commonsense intuitions". I have seen at first hand the great struggle accountants and accounting students then encounter when attempting to resolve ethical dilemmas, and seeking to answer the Socratic question 'What should I do?', by turning to Kantian-based or consequentialist-based 'concrete' codes and rules for guidance. They struggle because, whether they are attempting to 'do their duty' (Kantian/deontology) or 'compare outcomes from different actions' (consequentialism), no one approach can be shown to be superior to any other (Collier 1995). Rules-based approaches are therefore generally considered to be at the heart of the poor decision-making of accountants and accounting students. For instance, McPhail and Walters (2009: 147), suggest rules-based approaches may actually "impede ethical development". In similar vein, Radtke (2008: 280) suggests they may be "associated with lower levels of moral reasoning". Such suggestions reflect MacIntyre's (1985) disillusionment with the appropriateness of the prescriptive practices of rationalistic

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[13] The use of vignettes in this study is addressed at Chapter 3.3.5.3 p.86.

theories to the modern business world. Whilst it is important to be able to articulate these principles, the more important question is the Aristotelian 'What sort of person should I be?' From this perspective, accountants and accounting students would be required to choose between alternative actions and accept responsibility for their final decisions; the latter being an outcome not required by the rules-based approach (Dillard and Yuthas 2002).

My belief then is that accountants constantly create and re-create their world through their actions, including their behaviours, language and visualisations of it. Their world is only concrete in so far as it exists at any one point in time. Accountants feel uncomfortable when engaging with the idea of change, and even more so with the practice of it! Such resistance has the effect that accounting behaviours become entrenched. Hines (1998: 257) suggests that when this happens "many interesting things slip past our notice....[and the accounting student becomes] an expert of description". Students are very adept in seeking to discover how accounting works but are much less adept in discovering why it works that way. This is not a new phenomenon. During the 1970s, when a student at Lancaster University, I remember the late Professor Edward Stamp commenting that as long ago as 1929 the president of the American Accounting Association, Henry Rand Hatfield, had suggested that the symbol of the accounting profession should perhaps be the mummy , as it had remained unchanged for centuries.[14]

Hines (1988) posits that academics are complicit in this apparent inaction by students. Her belief is that academics' research into and teaching of the artefacts of the accounting world merely succeeds in objectifying those artefacts even further. Thus ignoring the views of, for instance Giddens (1984), whose constructivist view of social reality would be that accounting artefacts do not pre-date the actions of accountants. Rather those artefacts are created, sustained and changed by accountants in constant fashion. In this context, the artefacts of the accounting world are seen as socially constructed by accountants and accounting

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[14] Hatfield is often referred to as a luminary, being the first full-time professor of accounting in an American university and who later became known as 'the Dean of accounting teachers' at Berkeley (Lee 2002).

students. They are "ways of seeing" (Hines 1988: 258) that world. Those who can dominate that 'way of seeing'; for example, in business ethics 'what is considered to be right action', therefore attain positions of power in that they can influence what others 'see' and therefore how they act. In this way, the unquestioning and objectifying of ethics in accounting by the profession has resulted in very little being known about the actual decision-making activities of accounting students. Research and teaching has tended to concentrate on what the *profession* wants students to 'see' rather than on what students *individually* see of their world; and thereby on what impact those 'sightings' may have on their decision-making.

This tension and struggle between communicating and creating realities lies at the heart of the problem concerning an accountant's choice of an ethical action. Whatever an accountant's final decision, one conclusion persists; if accountants are not motivated into providing high-quality information, generated as a result of high-level ethical action, then users such as investors are unable to assess the risks and returns associated with their investments. In such a situation, the capital markets would not be working efficiently and accountants would not be fulfilling their functional role satisfactorily. I have assumed here that high-level ethical action such as the enacting of professional accounting principles, for instance being honest in the communicating of business information, is inherently good and should therefore be welcomed, and that the efficient working of the capitalistic free-market is also to be welcomed.[15] These are not idle will-o-the-wisp assumptions. The relationship between an accounting system and the economic ideology it serves is a complex one (Gray *et al.* 1994). As Hines (1988) has shown, by 'seeing' ethical dilemmas from a particular standpoint, such as egoism, principle or virtue, accounting is not simply proceduralising that standpoint but is helping the accounting world to reflexively construct it as being important. Accounting helps economic systems to work and therefore adopts and promotes the values upon which any particular system is based (McPhail and Walters 2009). However, as noted

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[15] This is in the province of political moral philosophy and is outwith this study. This note simply serves to point out that calls for research into notions about *why* it is important to behave ethically have been made (see, for example, Dunfee 2006; Wempe 2007). Others examine the lack of consensus as to what constitutes 'good' behaviour (see, for example, Kim *et al.* 2009).

earlier, consideration of this issue is outwith this study. I have therefore assumed that for accountants being honest and acting with integrity is good for the economic system we have in the West.

Recent corporate scandals and the related culpability of accountants, either in terms of their decided actions or in terms of their decisions not to act, have caused a crisis in business ethics (AACSB 2004). This is despite claims that accountants are sometimes heroes.[16] However one views 'accountants', it is generally agreed that acts such as the deliberate shredding of audit papers by Enron's auditor Arthur Andersen or the failure by Richard Causey not to blow the whistle on others at Enron, have diminished the ethical standing of accountants in the eyes of the public (see, for example, Helliar and Bebbington 2004; McPhail and Walters 2009). This lack of trust weighs heavily on investors, and is in turn a barrier to the development of a flourishing free market. AACSB (2004) goes as far as to suggest that what is at stake is the very future of the free market system. In this context, illuminating the process by which accountants of the future, those accountants in training, make ethical decisions is of significant importance.

2.5 What is ethics?

Having explored the historical context of ethics and the nature and relevance of the problem being studied, it is now necessary to explore what is meant by the term before exploring the growth in interest and how it has been researched. A good place to begin a discussion of 'What is ethics?' is with a working definition of the word. Collins (1999), in its Concise Dictionary, provides three possible views:

1. The philosophical study of the moral value of human conduct and of the rules and principles that ought to govern it,

2. A code of behaviour considered correct, or

3. The moral fitness of a decision, course of action etc.

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[16] For instance, in the case of Enron, some claim an accountant , Sharon Watkins, was a whistle-blowing hero. Others claim an alleged selling of shares prior to her whistle-blowing militates against the claim.

The first and third views are essentially concerned with what ethics itself should be, and therefore properly inhabit the domain of philosophy. However, accounting is essentially practice-based and so this study will partly adopt the first view, in that it will be concerned with 'the rules and principles that ought to govern it', and will fully adopt the second view, which is essentially an empirical/descriptive view and considers such questions as 'What do accounting students actually do?'; that is, it will be concerned with how ethics operates in practice.

Ethics then can be seen as a branch of philosophy which seeks to address questions of morality, in that, 'ethics' involves a normative examination of the descriptive practices of morality. Ethics can address these issues from many different perspectives but it has an "essentially practical purpose in that it is concerned with the conduct of our lives at both an individual and collective level" (Kaler 1999: 207). Despite this everyday purpose, the views people have about ethics are, to say the least, questionable. Baumhart (1968) questioned a number of people to report their feelings about ethics by asking 'What does the word ethics mean to you?' Although those respondents were businesspeople, their responses are typical of what one, not immersed in the subject, might be expected to hear, for example:

"Ethics has to do with what my feelings tell me is right and wrong."
"Ethics has to do with my religious beliefs."
"Ethics is doing what the law requires."
"Ethics consists of the standards of behaviour our society expects."
"I don't know what the word means."

The above responses show there is a broad range of understandings about what the word 'ethics' involves. Although Baumhart asked this question over four decades ago, the first respondent typifies what I find in my own experiences today, that is, it is generally thought of as being a question of right *versus* wrong or bad *versus* good. Many are likely to reply this way instinctively, as knowing right from wrong and bad from good is what we are taught to think about as children. However, acting ethically is clearly not just a case of following one's

own feelings. Someone following their feelings could quite easily do something unethical; for instance, a school governor who cheats a financial donor so that the children may benefit. Similarly, being ethical is not the same thing as being religious or being law abiding or doing what society expects. If ethics was equated with religious beliefs, then the ungodly would have no motivation to act ethically; a law allowing a company to pay poverty wages to enhance profits would be deviating from what may be ethical; a society can be morally bankrupt, a claim often heard concerning those who work in the banking industry, so that society's norms may deviate from what is ethical. This range of understandings or fields of ethics shows ethics can be construed in many ways. This is further shown by Figure 2.1 which is drawn from a survey of the philosophy, psychology, business and accounting literatures. The shaded fields show those parts of the total field dealt with to a greater or lesser extent by this study.

Figure 2.1 The field of business ethics: five main branches and their offshoots.
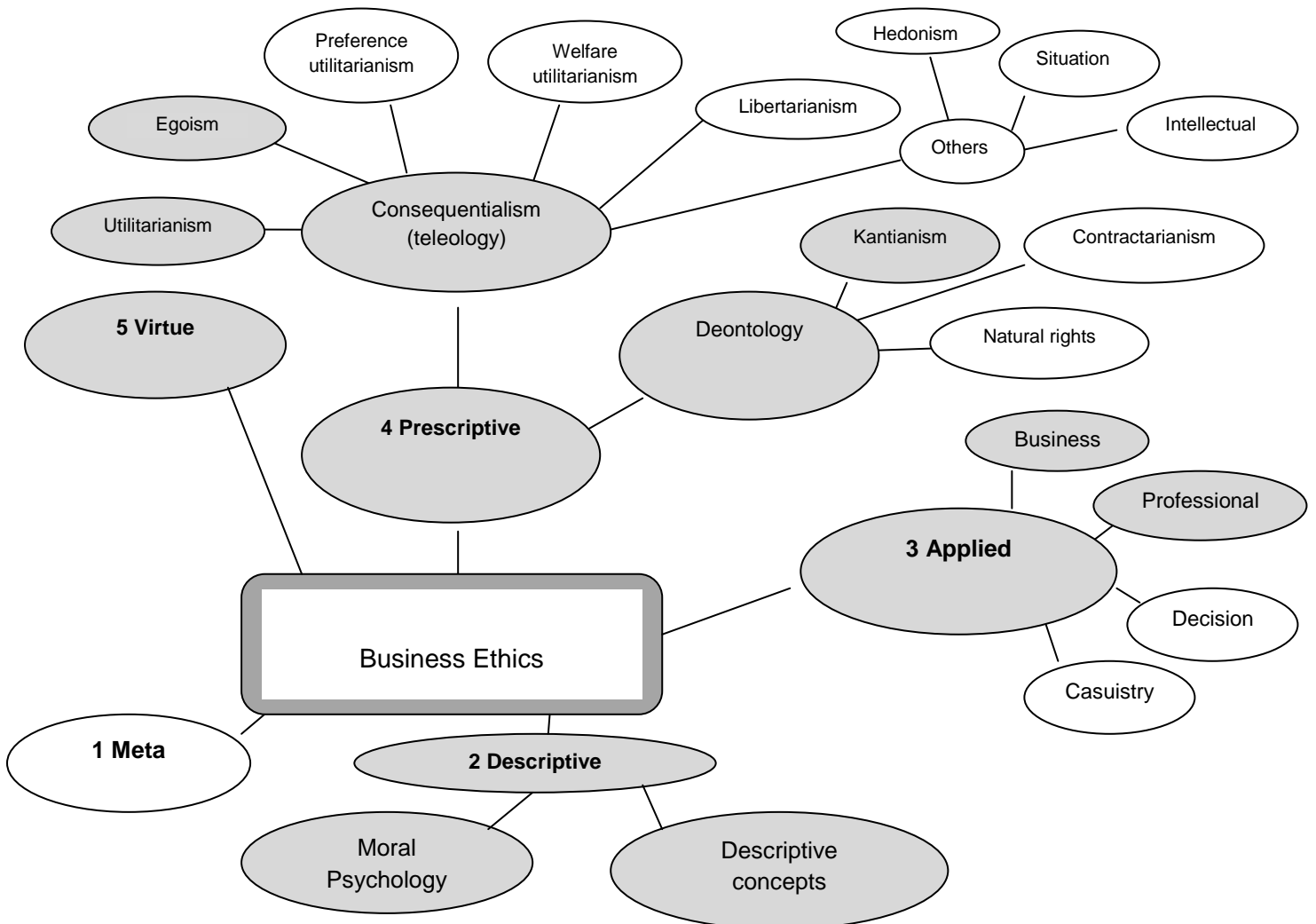
Figure 2.1 shows that one of the main five branches of ethics concerns meta-ethics, which is a concern for the meaning of moral language and the nature of moral statements. However, as noted by Chryssides and Kaler (1999: 5) "there is something strangely odd about asking *why* we should act ethically". This is similar to asking 'Why be ethical?' which Chryssides and Kaler (1999) believe is similar to asking 'Why be happy?' There appears to be no intelligible answer to such a seemingly interminable 'why' type question. For Chryssides and Kaler (1999) the answer appears to be that it is simply wrong not to do so. In keeping with this observation, Baumhart's (1968) question above and its responses, like much of the remaining ethics literature and indeed this study, start from the presumption that one *should* act ethically and that acting ethically *is* in essence good. There is no intention in this study to explore such meta-ethical questions as 'What do students construe by the word 'good' ?' or 'How can students know if something is good?' So, leaving aside the meta-ethical perspective, ethics is often seen as being concerned with norms or standards (Chryssides and Kaler 1999).

 Chryssides and Kaler (1999: 6) see two interpretations of the concern for norms or standards. One they interpret as a "strong sense" of ethics, in that it involves what they see as more sophisticated approaches than the other, which they interpret as a "weak sense" of ethics. Their 'strong sense' interpretation comprises three dimensions. Firstly, a prescriptive dimension urges us all towards "moral or ethical improvements" and calls for more authority for principles such as integrity (Smith 2003). It concerns the practical means by which one determines a moral course of action, that is, it concerns the norms or standards by which one ought to determine what is right or wrong. A second dimension concerns the application of the prescriptive approach to particular settings (applied ethics). The third dimension proposes an alternative position to the prescriptive and applied approaches (virtue ethics). Their 'weak sense' interpretation is primarily descriptive and aims "to observe ethical views and try to make sense of them" (Chryssides and Kaler 1999: 6). It is therefore concerned with 1) moral psychology, which would involve empirical investigations aimed at uncovering

individuals' beliefs about morality and their levels of cognitive ethical awareness, and 2) research into descriptive concepts, which would attempt to identify those factors impacting on an individual's decision-making. These interpretations are explored individually in the following section.

2.5.1 Prescriptive approaches

Maclagan (1998: 25) refers to the prescriptive perspective as "rationalistic ethics". Those charged with making moral decisions from this perspective engage with a process of logical and impartial thought, thereby adopting a formalised approach to resolving dilemmas free from the ties of "altruism or emotions". Figure 2.1 shows the two main branches of ethics theory associated with this perspective are consequentialism and deontology (McPhail and Walters 2009)

- Consequentialism

Consequentialism holds that the rightness or wrongness of a decision is contingent on that decision's consequences. A pure form of consequentialism would require a consideration of these consequences without recourse to the motives animating the decision (Maclagan 1998). However, if the theory is to be operationalised the consequences cannot be considered in isolation. They must instead be considered within the context of some higher goal or purpose. For example, if a company board were discussing whether to close one of its production plants, there would be a number of possible consequences. If the company goal was growth in profits, a globally recognised goal in free-market economies, then only some of those consequences would be relevant to the decision. The same consequences may not however be relevant if the goal was to fairly distribute work across its workforce. The questions that this then raises are, for example, 'How is the goal defined?', 'Who is responsible for defining it?', 'What is a good goal or a good consequence?' Several consequentialist theories have been developed in response to these questions. These are shown in Figure 2.1 and range form utilitarianism to intellectualism. This study is only

concerned with utilitarianism and egoism as they are the two theories most closely associated with accountants and their decision-making.

Utilitarianism

The most widely considered consequentialist theory is utilitarianism (Maclagan 1998), in which the morality of a decision is determined purely by its impact on the provision of happiness or pleasure to all those affected; which, in accounting may or may not have financial implications. The theory is often described by the phrase 'the greatest good for the greatest number'. This is understood to involve consideration of the overall balance of utility, as a result of the decision, for those affected (Maclagan 1998). A distinction, centring on this balance, may be made between act and rule utilitarianism (Rawls 1955 in McPhail and Walters 2009).

- *Act utilitarianism*

This involves consideration of the "consequences of a general rule or practice" (McPhail and Walters 2009: 50). Justification of a decision taken in pursuit of that general rule or practice is made by reference to its consequences, that is, to the net utility resulting from that decision (Maclagan 1998). When faced with a dilemma therefore, an individual starts from a consideration of which action will produce the most good. It is a theory of 'right action' or 'acting with principles', in that decisions are taken because they comply with what is right rather than what is obligatory.

- *Rule utilitarianism*

This involves consideration of the "consequences of a specific individual action" (McPhail and Walters 2009: 50) and concerns the justification of a decision by reference to its adherence to those codes or rules which it is believed will result in the greatest good. When faced with a dilemma therefore, an individual starts from a consideration of the rules which have been framed in pursuit of providing that good. The moral decision is therefore the one which complies with that rule. It is a theory of 'rule-following'.

Hooker (2007: 11) posed the act/rule distinction as a conflict between the ethics of professional obligation, which is to do right and act with principle, and the ethics of professions, which codify certain expectations of its members; expecting those members to then comply with them. Hooker's view is that the latter is not really ethics:

"professionals must reconcile their [professional] obligations against other obligations that arise in the messiness of life. This requires skill in ethical reasoning...obligations defined by standards and expectations created by the profession [are] important, but...not real ethics".

Due to their similarity, act and rule utilitarianism present problems for both researcher and individual when attempting to identify correct action. A professional accountant is expected by society to always do the right thing. This is a theory of 'right action' or 'acting with principles'. Yet doing this right thing may bring the accountant into conflict with the profession's rules or codes. For instance, a bank finance director may wish to pay a member of staff a large bonus which, in the current climate, would be unlikely to be seen by society as right action. However, if the director does not pay the bonus he/she may be thought of as having breached corporate governance requirements requiring him/her to act in the best interests of the bank's shareholders, that is, by employing the best staff. Other consequentialist theories differ, from an axiological perspective, in terms of what they value as consequences. One of the more commonly researched in accounting ethics, as it has the greatest rapport with financial consequences, is egoism.

Egoism

Egoism reflects self-interest in many guises; for example, in a material sense, recognition for one's efforts, or as the fundamental motive for acts such as altruism or acting out of principle. As McPhail and Walters (2009: 51) explain "while an accountant may enact a certain principle, this may be because of routine self-interest or some other ulterior motive". It is difficult to justify the theory's display as a prescriptive theory as it is difficult to argue that

one *should* act out of self-interest, unless one supports the view of Adam Smith that the objective of maximising the common good can be achieved by everyone acting out of self interest. However, it is often presented as such and is supported by the notion that the morally right person is the one acting out of self interest and therefore ought to do so. It is therefore presented as such in Figure 2.1. Egoism would result in decisions to follow rules and/or enact principles coming not from a sense of professional obligation to do so, but from a desire for the perceived benefits that accrue from doing so. Whatever their motivations, individuals would be seen primarily as either rule-followers or rule-avoiders in their pursuit of self-interest. They would not be seen as acting *out of* principle.

- Deontology

One of the most quoted works in the field of ethics, and therefore one that pervades many studies into business ethics, is that of Immanuel Kant (1724-1804), hence 'Kantianism'. His work on the theory of deontology is so influential that Kantianism and deontology are seen by many as synonyms (Bowie 2002).

Deontological ethics refers to theories which consider the moral value of a decision within the context of one's duty to follow a course of action that is morally right, such as being independent or honest. This means one should refrain from doing something that is inherently wrong, such as lying or cheating. Consequences of the decision therefore have no impact on a consideration of whether the decision is right or wrong. Kant proposed that deductive logic and respect for the individual were at the heart of moral decision-making (McPhail and Walters 2009). His 'categorical imperative' or "principle or rule which must be always obeyed with no exception" (McPhail and Walters 2009: 46) established a set of fundamental principles, as follows (Raphael 1994 in Maclagan 1998: 27):

1. "*Act as if you were legislating for everyone* [including yourself]".

   Basically, this means 'do unto others as you would have them do unto you'. It is a test to see if actions, such as those in business and accounting, are moral. When

assessing a decision's moral value, one must consider how the world would be if everyone acted that way.

2. "*Act so as to treat human beings* [including oneself] *always as ends and never as means* [to an end]". By this, people should not be used simply to satisfy one's own self interests. Therefore, in a business relationship, people should: a) not be coerced or deceived and b) be allowed to develop their rational and moral capacities.

3. "*Act as if you were a member of a realm of ends* [a community]".

   This views other people as being moral agents and having rights equivalent to oneself to make moral decisions; so that rules governing action must be observable by everyone.

Kant asserts that anyone who behaves in accordance with the above three fundamental principles is acting out of a sense of duty rather than any notion of self interest, and thereby ethically. It is possible to interpret this as referring to a duty to follow rules. Which rules then to follow would be an obvious source of contention. However, this study takes the restricted view that deontology represents a theory of right action. By this, one would be acting *out of* principle, that is, because the action itself is viewed as being right, not simply *because* it is a rule or an obligation.

2.5.2 Applied ethics

Applied ethics attempts to use the methods of prescriptive moral theory to discern morally correct courses of action in real-life situations in particular fields, for example in business and accounting. These two ethical approaches therefore have a symbiotic relationship and will be discussed more fully in Section 2.6 p.36.

2.5.3 Virtue

Virtue ethics emphasises the moral value of human character, rather than the moral value of a particular action. In that it focuses on one's *being* rather than on one's *doing*, it sits apart from deontology and consequentialism. However, in that virtue ethics aims to achieve a

position where "the best situation from a moral point of view is one in which people act morally because they are virtuous and therefore inclined to act that way [that is, do the right thing]" (Hartman 1998: 549), it is close to this study's restricted view of deontology. As Larmore (1987 in Maclagan 1998) observes, this Aristotelian need to be able to use judgment does not result in the surrender of deontology's moral principles, rather they are borne in mind when one thinks about a particular dilemma. On an ethical stance continuum therefore, virtue ethics would be on the side of principle-based deontology and opposite rules-based consequentialism.

2.5.4 Descriptive approaches

Figure 2.1 shows two offshoots of the descriptive branch: moral psychology and descriptive concepts. Both approaches are value-free and examine the application of ethical rules and principles and personal values, not from a top down basis but from a bottom-up basis. That is, rather than an *a priori* conceptual analysis of ethics (the prescriptive approach), the approach is based on an observation of actual ethical choice. The idea is to observe the actual decision-making of moral agents, either in terms of their cognitive reasoning styles or in terms of the impact on decisions of descriptive concepts such as age, gender and culture. It is of course impossible to observe the "actual experience" (Maclagan 1998: 183) of this decision-making *in situ* due to corporate ethics issues, so qualitative interviews and/or quantitative instruments are used, often in conjunction with cases or vignettes, to examine decision-making in situations which act as surrogates for the real world.

Moral psychology sits at the nexus of ethics and psychology and concerns a study of moral development. Dunn *et al.* (2003: 9) note that "individuals vary in terms of their reasoning styles", meaning that not every one has the same style or ability to handle the issues that arise when dealing with principles or rules in ethical dilemmas. For this reason, development psychologists (Rest 1986; Kohlberg 1981) have developed instruments for measuring the reasoning approaches adopted by individuals. These tend to discern their reasoning preferences and capabilities in descriptive fashion, in particular concerning their preference

for and ability to use either rules or principles. The descriptive approach and moral psychology approach have been well researched and a review of the relevant literature is provided in Section 2.9 p.53.

2.6 What is applied ethics?

This study's primary aim is to seek reports about what participants, that is, accounting students, *would* do when faced with an ethical dilemma and is therefore mainly positioned in the descriptive field. However, as it also seeks to elicit participants' reports about what they believe they *should* do, it also enters the field of prescriptive moral theory. Although as it does so within the confines of the participants' known world it is not, as noted earlier, a philosophical study of normative behaviour *per se*.

Every sub-group in society, including accounting, must operate according to some form of prescriptive ethical guidelines, no matter how deviant or esoteric they might appear to outsiders (Elliott and Elliott 2009). Without such guidelines in the accounting profession, it is not too fanciful to imagine there would be an accounting free-for-all and eventual collapse of accounting as a profession; with attendant implications for the working of the free-market. Such a need for structure and order in their world resonates with accountants and accounting students who believe accounting needs these guidelines, more specifically referring to them as practice or rules, for another reason and that is simply because they see accounting as being mainly a technical process. As Dunn *et al*. (2003: 5) reported "accountants are rule-followers"; thus prompting McPhail and Walters (2009: 111) to reflect Fleming's (1996) view with the observation that "accounting is often viewed by many as an amoral activity". My own experiences parallel this. Accounting is often viewed as being all about practice and little to do with theory. This latter view has old roots. In the 1920s, one of Hatfield's distinctive contributions to accounting thought (Lee 2002) was to propose that because accounting is technically-driven its emphasis should be on the teaching of its practice at the expense of research into its idiosyncrasies (Zeff 1999 in Lee 2002). Perhaps

one such 'idiosyncrasy' would have involved business ethics. However, accountants today

communicate information in the certain knowledge that it will inform, and thereby impact,

decisions made by the various users of financial statements. Those decisions could have

far-reaching consequences both for the decision-maker and any employing organisation

and, because of this potential impact, accounting decisions become moral decisions. Such

an 'idiosyncrasy' cannot be ignored. This moral dimension to accounting practice is

exemplified by Francis (1990: 7):

> "...accounting is...a moral practice. Accounting, to the extent that it is a choice about how
> to affect our lived experience...is a practice grounded in moral discernment. Accounting is
> important precisely to the extent that the accountant can transform the world, can
> influence the lived experience of others in ways which cause that experience to differ
> from what it would be in the absence of accounting, or in the presence of an alternative
> kind of accounting. Why would an invented human practice like accounting even exist
> except as a choice about how to shape human experience?"

My own experiences also show that many accountants and accounting students do not

realise that the major part of their work and learning is grounded in moral theory. Many

would recoil at the thought.[17] Little surprise therefore that some of the empirical literature

concerning their decision-making activities suggests they have difficulty in recognising the

moral dimension to their world. McPhail and Walters (2009: 36) summarised this as follows:

"...accountants and accounting students do not seem to be as morally developed as we

might expect them, or at least like them, to be". By juxtaposing Francis (1990) and McPhail

and Walters (2009), it could therefore be argued that the importance of accounting to society

implies that accountants have a role as moral decision-makers, and that accountants and

accounting students are ill-equipped for that role. It is perhaps therefore little wonder that

scandals of the Enron, WorldCom type continue to be repeated.

Being so ill-equipped is not surprising. McPhail and Walters (2009: 111) contend that "big

moral theory questions" such as, 'Should an accountant's breaking of the law be a good

thing or a bad thing?' and 'If an accountant rigorously follows an accounting standard, is it

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[17] In my experience this view is widespread. Accounting students often reflect the comment of one senior
manager of a large accounting firm who once said to me 'accounting is all about practice. It has nothing to do
with theory whatsoever'.

good or bad?' are absent from both professional and academic education. Also, although within the discipline *per se* there is a great deal of research into the role of accounting in society, there is little political or public discussion of the issue. This could be due to a perception that its nature is esoteric and technical.

Whilst there is much political and public discussion of business ethics, there is relatively little concerning accounting ethics. As if to reinforce this point, McPhail and Walters (2009: 3) write in the first line of the first chapter of their book, "There aren't many textbooks on accounting ethics". As noted earlier, accounting ethics is seen as a sub-set of business ethics. Lovell (2005: *v*) explained this relationship as follows when referring to ethics in business, of which accounting ethics is an example: "the latter is at one and the same time, commentator, critic, philosopher and prophet of the other". What Lovell means here is that the business ethics literature, which includes accounting ethics, is both rich and diverse and drawn from a multitude of sources including: the various philosophies (moral, legal, theological), psychology, business, accounting, economics, political economy (in the sense of interdisciplinary studies concerning how disciplines such as law and economics influence and are influenced by political institutions) and "day-to-day practice" .Therefore accounting ethics cannot be studied in isolation from business ethics. The latter influences the former and a consideration of moral theory provides possibilities for Hines' (1988) new 'ways of seeing' accountants and accounting students moral agency at work at various levels.

The term 'business ethics' is generally taken to refer to a business' relationship with other actors at three different points: macro, organisation and individual (Elliott and Elliott 2009). These points emanate from a three-point classification suggested by De George (1987) as a way of facilitating applied research into the subject. De George (1987: 201) referred to the three points as "systems, macro-organisational and individual". Others have taken up the suggestion and it has now become a standard way of classifying business ethics. For instance, Enderle (1996: 33) refers to the three points as "macro, meso and micro". Despite

a slight difference in terminology, the nature of each point is generally agreed. This is shown by Figure 2.2 as follows:

Figure 2.2   Classifying business ethics: relationship between business and other actors

Ethical guidelines would....	Elliott and Elliott (2009)	Enderle (1996)	De George (1987)
...be applied to business in an international and national context concerning matters such as conspiracies between entities, industries and governments to, for example, manipulate markets.	macro	macro	systems
...be specific to the business and would concern corporate social responsibility issues, such as price-fixing and the environment.	organisational	meso	macro-organisational
...concerned with the ethics of the individual and would consider issues such as personal dilemmas.	individual	micro	individual

This study is concerned with ethics at the individual/micro point. At this point, an individual may be subject to a much broader range of pressures than at the other two. These pressures might include: parents, extended families, social group, peer group, religion, culture, and professional (Elliott and Elliott 2009). All have been researched in the applied ethics literature. One feature which differentiates professional ethical pressures from the others, with perhaps the exception of religion, is that the ethical guidelines designed specifically to help accountants handle the pressures are more formally codified, for example in the IFAC (2009) Code of Ethics for Professional Accountants.

An ethical dimension to accounting is therefore unavoidable and can appear at any stage of an accountant's working life. Applied research may help the accountant to deliberate over the appropriate response; for instance, an accountant may be asked to falsify a report in the hope that lower profits today will result in higher profits in the future.[18] This could prove costly in the short-term to users who rely on that company, for instance to employees who may be made redundant. It may therefore be asked whether the protection of users in terms of their wealth or jobs is a strong enough reason for accountants to condone the

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[18] This is the scenario detailed in the research instrument's Faith vignette. Development of the Faith vignette is included at Appendix 4 p.236.

manipulation of financial statements. This is an ethical dilemma and can be answered, for example, by asking 'What should an accountant's duty be and to whom?' If that duty is to report truthfully and faithfully to the society granting the accountant professional status and privileges, such as self-regulation and the ability to exclude non-members, then clearly protection of future users is not a strong enough reason to manipulate the statements. Such status and privileges would be granted in return for being honest. Manipulation could not therefore be condoned.

Accounting ethics is therefore a highly contested concept (Gowthorpe and Blake 1998: xv). Concerns emanate from two different traditions involving the essential nature of business (Frederick 1999). The first, following the likes of Aristotle and Marx, suggests business itself is an inherently unethical practice. The second, following the likes of Kant and Mill, suggests business is not unethical due to its nature but due to business people choosing to engage in practices which are "deceptive, unjust and exploitative" (Frederick 2002: xiv). It is the second of these traditions which has given rise to most of the applied ethics studies involving accounting and, in particular, ethical decision-making. Also, as a result of this tradition's influence, these studies appear mainly in academic literature concerning moral philosophy and psychology as well as the professional accounting literature concerning accounting, business and professional ethics. These studies into ethical decision-making follow either Collins' (1999) first view and take the term ethics to refer to a study of the moral value of human conduct and thereby concerned with "an individual's response to ethical dilemmas" (McPhail: 2006: vi) or Collins' (1999) second view and consider how that individual determines a response is right, wrong, good or evil (Donaldson: 1988). Most of this literature is journal based; a point noted earlier by McPhail and Walters (2009) with their comment concerning the dearth of appropriate textbooks.

Again ignoring the Collins (1999) meta-ethical philosophical focus of ethical research, and commensurate with Chryssides and Kaler's (1999) typology, accounting ethics studies in this

literature are seen to take two main forms: prescriptive and descriptive (Dunn *et al.* 2003: 7). McPhail and Walters (2009: 45 & 17) provide a useful analysis of these:

- *prescriptive* perspectives which seek to explore how accountants *should* behave; that is, how their actions and decisions can be ethically justified, involving a study of deontological ethics, teleological ethics and/or virtue ethics. Dunn *et al.* (2003: 7) suggest these "develop arguments based on concepts of professional values and often amount to a call for higher standards [of decision-making]", and
- *descriptive*, empirical perspectives which seek to describe and understand how accountants *do* behave in practice within the context of a particular moral theory. Dunn *et al.* (2003: 7) refer to this perspective as being concerned with "the *manner* in which moral decisions are made".

Faced with such wide ranging ethical dilemmas and perhaps seeking to abide by an ethical code, there is some freedom for accountants in how they go about choosing a course of action, that is, in deciding whether to follow rules or principles. However, whatever choice is made, accountants should always be able to demonstrate they have used what in the opinion of many is the essence of professionalism in accounting, that is, the ability to use sound judgment (McMillan 2004). In the sense that "accounting is both a moral and discursive practice" (Francis 1990: 5) which results in consequences that require clear moral discernment by the accountant, judgment is a central feature of an accountant's work. This sits uncomfortably with the other common and alternative perception, alluded to earlier, that the accounting profession is rules-based (Pincus 2000 in Pierce 2007). This latter perception is promulgated by literature which claims that, around the world, rules take precedence over principles, whether by "financial reporting regimes" (Dunn *et al.* 2003:5) or by individual accountants seeking to resolve ethical dilemmas (Dunn *et al.* 2003; Brooks 1989; Claypool *et al.* 1990; Velayuthan 2003). A reading of the IFAC (2009) Code of Ethics and the Institute of Chartered Accountants in England and Wales' Guide to Professional Ethics (ICAEW 2006) shows that, rather than favour one perception over another, professional accounting

bodies promote a hybrid of the two, leading to further literature claiming that the accounting profession expects accountants to aspire to principles whilst at the same time adhering to rules (Fleming 1996; Ruland & Lindblom 1992). As previously explored in Section 2.5.1 p.30, this latter concern lies at the centre of act versus rule utilitarianism.

2.7   What does applied ethics deal with?

"Ethics influences the behaviour of accountants in all work settings" (Helliar & Bebbington 2004: 11) and whatever the nature of the task in hand, bodies representing professional accountants, such as the International Federation of Accountants (IFAC) expect their members around the world to abide by the prescriptive structures provided by their normative codes, such as IFAC's (2009) Code of Ethics for Professional Accountants. The IFAC Code (2009) requires accountants to adhere to five "fundamental principles". These five principles are shown below. Examples of dilemmas, drawn from my own experience of professional practice, are also shown to explain where application of the principles would be required in practice. It should be noted that these principles, although drawn from business could equally apply to most other fields, such as nursing and law:

1. *Integrity*. Being offered a position with the purchaser of a company when working as an advisor to the vendor.
2. *Objectivity*. Being faced with losing a client if an unqualified audit report is withheld.
3. *Professional competence and due care*. Preparing financial statements which are possibly misleading because recent changes to an accounting standard have not been considered fully.
4. *Confidentiality*. Pressure to disclose privileged client information to a third party for personal advantage.
5. *Professional behaviour*. Pressure to include a client's personal expenses as business expenses in the client's tax returns.

The examples given above show there are a multitude of contexts, many recurring, in the complex work settings of accountants. All concern environments within which accountants must make decisions and so apply the ethical guidelines. Accountants therefore routinely make judgements involving ethical dilemmas. Of course, it could be that accountants have difficulty in recognising the dilemmas as being business-related and ethically charged in the first place. Helliar & Bebbington (2004) mirrored the suggestion by Yuthas & Dillard (1999) and Dunn *et al.* (2003) that accountants may internalise ethics and may not necessarily recognise them as specific dimensions to many of the decisions they make. However, most research findings (Loe *et al.* 2000) show this is not the case, and that the majority of accountants have no difficulty in understanding the nature of ethics or in recognising the ethical dimension to dilemmas in business. The above examples show that a number of options present themselves regularly to accountants with choice often not being a standard one of right *versus* wrong but one of wrong *versus* wrong (Raz 1986 in Lurie & Albin 2007) or right *versus* right (Badaracco 1997). Moral theories then aim to provide a way through the accountant's decision maze.

To understand why accountants should act ethically in making one choice rather than another would require an exploration of analytical perspectives concerning political moral philosophy; which as noted earlier is outwith this study. However, from this perspective and relative to this study, a traditional functionalist view would suggest that society grants the accounting profession certain exclusivity rights; that is, accountants are given rights to make choices within the accounting domain in exchange for a commitment to always work in society's best interests (West 1996). [19] The literature does not suggest that society in any way seeks to dictate *how* accountants make these choices only that it expects them to conform to the structural characteristics of their profession, such as the IFAC Code of Ethics, and the complementary attitudinal characteristics of a professional, such as a belief in the public interest (McPhail 2006).

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[19] Although whether the functionalist view is appropriate, given the dynamic makeup of the profession (Allen 1991) and what precisely these interests are (Baker 2005 in Pierce 2006: 8) remain contested.

Often, the accountant's task is made difficult due to an unclear distinction between a rules-based approach and a principles-based approach to ethical decision-making. As mentioned earlier, both may have their roots in moral theory. A rules-based approach to meeting the fundamental principles in the IFAC Code of Ethics would make it obvious whether there has been compliance; for example, using a percentage of net profit to determine the materiality of a profit adjustment and thereby whether professional competence is threatened. This would usually be demonstrated by a simple statement from the accountant that he/she has complied with the rules. A principles-based approach would be more complex and would require "an awareness of potential issues, subjective judgement and the application of common sense" (Bromell 2004: 130). Helliar & Bebbington (2004: 48) suggest these critical faculties would be used by the accountant to "evaluate whether an act or decision accorded with the [ethical code's fundamental principles]"; for example, to determine whether a personal relationship between an auditor and his/her client threatens objectivity and should be discontinued.

A US Securities and Exchange Commission (SEC 2003) study concluded that an excessively rules-based approach predominates in the accounting profession; a view which has its reflection in the UK (Dunn *et al.* 2003). The rules-based approach was criticised by the SEC study for providing little opportunity for judgement in the pursuit of quality and transparency in decision-making, and for encouraging management to look for loopholes in any requirements. The study also concluded, however, that a principles-based approach alone was not the panacea the profession is looking for. Such an exclusive approach using, for example, 'common sense' could result in inconsistent treatment of similar dilemmas and inconsistent guidance for the exercise of professional judgement. The study's preference, for a hybrid approach, would be 'objectives-based' (SEC 2003) and would:

1. establish a conceptual framework for decision-making, including the principles involved in decision-making,

2. clearly state the objective of accounting and therefore the objective of an accountant's decisions, thereby making the accountant aware of his/her responsibilities to make decisions based on the principles, and

3. provide a structure and sufficient details to make the process operational.

The SEC study specifically refers to accounting standards and financial reporting but it has a broader application to ethical decision-making in that decisions would be very strongly based on judgement and explicitly avoid rules-based percentage tests, whilst based in sufficient structure to allow for consistency across decisions (Rezaee 2009: 169).

It would appear that each approach, rules-based, principles-based or hybrid, has its strengths and weaknesses in terms of the application and enforcement of the fundamental principles; although a significant amount of the empirical literature shows that accountants in the US (Ponemon 1992) and the UK (Dunn *et al*. 2003) tend towards a rules-based approach when making ethical decisions.[20] This clearly does not sit full-square with the declared intentions of the professional bodies. Further, Dunn *et al*. (2003: 37) found that not only are accountants more inclined to follow rules but that this proclivity increases with seniority. Helliar and Bebbington (2004: 49) note that the rules-based approach results in unsophisticated reasoning by accountants and is less likely to result in decisions which reflect the underlying substance of the dilemma because it is "unsuited to more complex decision-making environments such as those experienced by accountants in real life". They also found that whether a rules-based, principles-based or hybrid approach is used, decision-making is also influenced by three other factors: the involvement of others, internal (to the organisation) and external transparency of decisions and stage of career (Helliar and Bebbington 2004: 51-57). Staubus (2004) found that rules largely desensitise accountants to the need to use judgement. As a result, Duska (2005: 19) argues that rules have led to a culture of compliance, to a "loss of ethical direction", without heed to the need to remain

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[20] It is interesting to note that the authors of an ICAS report decided against supporting the hybrid approach as they believed the SEC's notion of providing structure and sufficient details "risked a reversion to what are, in substance, rules...and...a focus on restricting judgment" ICAS (2006: 5).

ethically responsible and they should be subordinated to "professional scepticism" (Duska 2005: 17). If accountants are so desensitised they will have difficulty in demonstrating possession of that attitudinal characteristic of a professional described by McPhail (2006: 42) as "belief in public service".[21]

Being a professional accountant, and ethics

A belief in public service accords with much of my own experiences, and implies that professional accountants would see themselves as being professional accountants first and salespeople, businessmen or advisors second. This is supported by McPhail and Walters (2009). Such notions as 'the profession' and of 'being professional' are not predetermined. Rather, they are socially constructed and, as a result, have been studied from various viewpoints: for example, such notions have been studied from the perspective of their sociology, their history, their phenomenological orientations and their functionalist role (McPhail 2006). It is the latter perspective which McPhail and Walters see as having "traditionally provided the main lens through which professions are viewed" (2009: 133).

Hooks (1992: 109) points out that the functionalist perspective suggests that the status of accounting as a profession has emerged because the function it provides is seen as important by the society it serves. She further observes that the profession's actions in fulfilling this function strengthens its "economic control of the market in which it sells its services". Hines' (1988) view is that this also helps the profession to control the way others 'see' accounting ethics. However, despite the apparent importance of the accounting function and the apparent domination by the profession, it is likely that most accountants and accounting students have only a passing awareness of "both their profession and what it means to be a professional" (McPhail and Walters 2009: 134). McPhail and Walters (2009) further suggest one reason for this is that such considerations are not the type of issues to routinely find their way into the syllabi of accounting education programmes. Therefore,

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[21] It is entirely possible that accountants have to work under such pressure that they simply do not have the time to think through the ethical aspects of decisions. In fact, 'time to act' is one of the issues some participants mentioned as part of their decision-making processes. This is explored further in Chapter 4.2.6 p.190.

despite a considerable body of moral theory and applied ethics literature concerning the complex issues surrounding the work of accountants, there are gaps. One of the more important of these gaps, in the context of this study, is McPhail's (2006) suggestion that further research is necessary into a practitioner's views of professionalism. This study reflects this suggestion, albeit not from the perspective of practitioners. However, the study's participants, whilst not yet practitioners, are taking their first steps towards *being* professional accountants and their views concerned with 'being an accountant' are therefore of great interest and worthy of study.

2.8   Growth of interest in accounting ethics

The growing number of corporate reporting scandals, especially over the last decade, has increased concern for accounting ethics (Waddock 2005; Young and Annisette 2009) and has led to business ethics research with an accounting dimension now being conducted in a variety of disciplines including philosophy, psychology, management and marketing (Uysal 2010: 155). The analytical literature roots the discussion of accounting ethics in philosophical arguments to promote greater ethicality by accountants and shows signs of an increasing antipathy towards rules-based approaches *per se*. For instance, Ruland and Lindblom (1992: 259) contend that "professional rules in accounting do not necessarily support ethical behaviour on the part of accountants". In a similar vein, others criticise rules-based approaches to practice and education:

- Despite many years of attempts to modernise accounting curricula, many courses "continue to stress the minutia over economic substance" (Revsine 2002: 144).

- Promoting accounting as if it were a worthy "scientific endeavour" at the expense of exploring its morality has "all the earmarks of a Faustian bargain" (Williams 2004[a]: 1000).

- Enclosure type controls which allow or prohibit action create a "moral vacuum from which individuals strive to operate" (McMillan 2004: 948).

- Major corporate debacles will recur "as long as the inclusion of crucial features of human nature is being resisted in efforts to keep models of choice behaviour simple" (Marnet 2007: 201).

- In treating values, at odds with their pre-given responsibilities, as extraneous or irrelevant to the task in hand, accountants "may carefully fulfil their responsibilities with undesirable, if not horrific results" (Young & Annisette 2009: 98).

These research studies are typical of others in the empirical literature which show a growing interest in the decision-making proclivities of accountants and accounting students and in the role of individual factors influencing those decisions (Gaa and Thorne 2004). Many support the view expressed earlier that "accountants are rule followers" (Dunn *et al.*2003: 37) and that "the resolution of ethical dilemmas has become an exercise in rule following" (Dillard & Yuthas 2002: 51); and although there are now signs that the principles-based approach may be "gaining favour internationally" (Bromell 2004: 130), professional codes of ethics continue to conflate the two approaches. For example, the SEC's (2003) study, referred to in the previous Section 2.7 p.44, which supports a hybrid approach to accounting and thereby to ethics[22], concluded that a hybrid was necessary because, whereas a rules-based approach may produce financial information that is inconsistent with an event's underlying substance, the exclusive adoption of a principles-based approach would lead to "inadequate guidance or structure for exercising professional judgment" (Rezaee 2009: 169). This general shift in the literature away from rules *per se* towards principles has not yet been reflected in practice, and is perhaps the warrant for McPhail & Walters (2009: 55) claim that accounting students are still "exposed to a particular, teleological, normative ethic during their degree programmes and professional training". In other words, notwithstanding the growing belief that businesses should use resources in a manner which benefits society and not simply pursue profits (Kierulff and Learned 2009; Hardwig 2010) and that accounting curricula should reflect

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[22] As noted earlier in Section 2.6 p.36, accounting practice and ethics have a symbiotic relationship (Francis 1990).

that (Natale and Sora 2010), accounting is still traditionally taught within the context of shareholder wealth maximisation. Concentration on this context sees accounting being taught from the perspective that its main function is to respond to the view that the main responsibility of an entity is to maximise its profits. Decisions concerning whether particular rules are appropriate are then justified in terms of their financial consequences. ICAS (2006: 8) believes rule-following is ingrained in accountants, as they have "been conditioned to rules through the process of education and training and have then continued to look for the rule as the starting point in answering a problem". Such an approach to teaching then "may actually be instrumental in constructing a sense of moral identity which not only covertly serves capitalism but also the instrumental rationality upon which it is based" (McPhail 1999: 837). The type of person an accountant seeks to be (his/her *teleos*) therefore emerges partly from this notion of wealth maximisation (McPhail and Walters 2009: 98).[23] The particular and therefore narrow form of teleological analysis mentioned by McPhail and Walters (2009: 53) is then the focus on the *financial* consequences of a proposed course of action. Such a teaching approach, with its focus on accounting technicalities at the expense of principles, may also be instrumental in influencing the resolution of ethical dilemmas; and is perhaps why "accountants exhibit levels of moral reasoning ability lower than many other professionals" (Enyon *et al.*1997: 1298).

Teaching of Ethics and Contribution to practice

A central theme of this study is Maclagan's (1998: 174) substantive claim that at the heart of any issue concerning ethics in organizations lies the ethical responsibility of the individual: "ethics in organizations is a matter of individual responsibility". His position is that individual morality, in so far as it is developed from critical analysis and thought, is of a superior form to an uncritical conformity with social norms. Maclagan (1998: 3) is quite clear that structures and processes, such as the encouragement of "critical modes of thought" in organisations

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[23] It is conceded that it is more complex than this. However, an exploration of moral identity is outwith this study.

and education, are required so that such morality finds expression. This would go some way towards providing a response to those who believe that ethics can't be taught. This Aristotelian move towards self-realisation lies at the heart of his work, which promotes virtue and related concepts such as altruism, empathy, emotional intelligence and freedom from one's own biases, to centre stage.

Maclagan (1998) argues that to make the individual such a central actor, organizations should establish cultures that are also sensitive to the need to promote the ethical development of their employees and members. This would be at the expense of focusing efforts purely on compliance with rules and codes of conduct. The distinction being made here is between organizations that introduce ethical codes simply to manage a particular public image and those that do so from a concern for an individual's, and thereby the organisation's, overall moral development.[24] This reflects Maclagan's (1998: 156) rejection of organizational cultures operating under a "control paradigm" in favour of those operating under an "autonomy paradigm". Maclagan's (1998: 172) autonomy paradigm would result in a "community of morally responsible individuals", capable of independent thought and moral judgment. It is an approach supported by many (Donaldson 1989; Hyman *et al.* 1990; Warren 1993; Prodham 1997; Lii 2001; Boo and Koh 2001; Sims 2002).

Maclagan (1998: 180-183), Helliar & Bebbington (2004) and Rezaee (2009) recognise that the literature on ethics education, whether for students or professionals in the work place, falls roughly into four areas. The primary purpose of this study, which is to explore the decision making processes of accountants in training, falls squarely into 'teaching and learning'.[25] This study therefore makes a contribution to pedagogy and adopts the Aristotelian view that ethics can be taught, that accountants do not emerge into the world as innately morally responsible beings. An individual purporting to be morally responsible will therefore have engaged with the process of moral development, which Maclagan (1998:

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[24] This is presented by Maclagan (1998: 157) in an aspirational context. It does not necessarily follow that an organisation with a highly developed 'conscience' will have a highly developed moral community of employees.
[25] The other three are: incidence of provision, aims and relevance of programmes and the institutional context.

176) identifies as comprising four elements: the "cognitive" element, "commitment to particular moral values", "personal and interpersonal skills", and "choice of personal identity". All four elements have been recognized as areas for management learning programmes; although it would be an oversimplification to suggest that the four are in any way discrete. As a result there will be a degree of overlap in any learning programme, including those in universities. This study, along with a great deal of the pedagogical literature on the subject, focuses mainly on the cognitive element, which Maclagan (1998) believes may be usefully developed by the use of short vignettes. That is, it involves the process by which participants think about a situation, search for additional information and make a decision. The other elements, whilst important, rely mainly on experiential learning and as such are perhaps more properly located within an organisation's internal programmes. As such they are therefore largely outwith this study. Their limited place in this study will be in the identification of which particular moral value a participant chooses to adopt and the extent to which he/she would assert themselves in the search for new information. Choice of personal identity is completely outwith this study.

Up until 1990, accounting education tended to be technical in nature (Lehman 1988). The cognitive processes of moral development "received relatively little critical treatment from business ethics specialists" (Maclagan 1990: 17) concerned with teaching and learning. Since then, accounting education has changed (Williams 2004[b]) and a wealth of business and professional ethics literature has emerged concerning the ethical traits individual business practitioners, such as accountants, require if they are to be seen to be morally responsible, especially if they aspire to senior positions. A summary of this literature suggests five ethical traits are required. These are, the ability to:

1. appreciate the ethical dimension in organisations (see, for example, Cordeiro 2003; Wishloff 2003; McCann and Holt 2009; Shaw 2009),

2. understand the salient features of the particular organizational situation in which the ethical issues emerge (see, for example, Cohen 1993; Meyers 2004; Staubus 2005; Cosans 2009),

3. recognize their ethical obligations; which in the particular situation, may be set aside by other ethical circumstances (see, for example, Donaldson 1989; Rogers and Smith 2001; Das 2005; Messick 2009),

4. consider the ethical dilemmas rationally; that is, from different perspectives including those of different ethical theories (see, for example, Gibson 2002; Small and Dickie 2003; Klonski 2003; Henle *et al.* 2005), and

5. exercise judgment to determine the best way forward (see, for example, Richardson & Richardson 1998; Haswell *et al.* 1999; Halbesleben *et al.* 2005; Martinov-Bennie and Pflugrath 2009).

These traits can be further distilled into two complementary approaches to dealing with ethics in organisations (Maclagan 1998). The first trait, 'appreciate the ethical dimension in organisations', accords with Maclagan's (1998: 45) "dialogic mode". This recognises both the pluralistic and the political nature of organisations. In such environments, individuals interact and resolve ethical conflicts primarily by means of discourse (Stansby 2009). Such a Socratic dialectic method rejects the notion that an organizational aim should be the deliberate ordering of employees and other members of the organisation and recognises that senior figures must be willing to listen to different accounts. Further, senior figures must understand that there may be multiple accounts concerning an ethical issue, all of which may be acceptable. Solutions arrived at by this approach would see the organisation as a moral community (Bowie 2002) prepared to recognise and engage with moral discord. The remaining four traits, taken together, accord with Maclagan's (1998: 41) "judgmental mode". This approach suggests that, in contrast to a linear approach, the approach to dealing with ethical issues in organisations is "oscillatory or iterative" (Maclagan 1998: 42); so that all four traits may be displayed and interact simultaneously.

2.9 How business and accounting ethics has been researched.

2.9.1 Research paths in the literature

As noted earlier, ignoring the philosophical focus of ethical research, which attempts to resolve ethical dilemmas concerning specific issues by asking questions such as 'What is meant by fair disclosure?' (Ruland and Lindblom 1992), the field of applied ethics studies generally follows three paths:

1. Prescriptive perspectives, which stress the need for higher standards of professional values and seek to resolve ethical dilemmas by asking questions such as 'What part should professionals and educators play in developing ethical attitudes?' (Smith 2003).

2. Virtue perspectives, which, contrary to the prescriptive rationalistic view, stress the virtuous predisposition of an individual rather than calculation and measurement and would ask questions such as 'Is accounting after virtue?' (Francis 1990).

3. Descriptive empirical perspectives, based on a particular moral theory, which stress the need for the investigation of actions and which would ask, based on a particular moral theory, 'How do accountants and/or accounting students take that moral knowledge and put it into practice?'

This research essentially follows the descriptive empirical path of applied ethics to explore the ethical decision-making processes of accounting students. Although, as it is exploratory in nature, it is not based on any particular moral theory. The field most often researched along this path is the extent to which accountants' ethical decisions are influenced by rules rather than principles (Dunn *et al.* 2003: 7). This trajectory follows and complements the current debate taking place in the accounting world, particularly in and between the US Financial Accounting Standards Board and the International Accounting Standards Board, concerning the relative roles of rules and principles in the development of both national and

international financial reporting standards. Also, as noted earlier, it is commonly held that the rules-based approach to financial reporting leaves little room for judgment in the improvement of its quality and transparency; whereas a principles-based approach allows financial statement preparers greater freedom (Rezaee 2009: 169).

2.9.2   Research methodology in the literature

Although the field of applied business ethics can be a research topic for many disciplines, indeed the aims and scope sections of leading journals such as Business Ethics: a European Review, Business Ethics Quarterly and Journal of Business Ethics actively encourage submissions from multiple disciplines, a significant number of the submissions to these journals are from business school authors with essentially positivist quantitative research or teaching backgrounds and who, in the main, have therefore "focused on quantitative methodologies" (Brand and Slater 2003:168). The relative absence of qualitative submissions up to the late 1980s was identified by Randall and Gibson (1990). The situation did not improve much during the 1990s despite calls for "more qualitative research" (see, for example, Robertson 1993: 585). Summarising the work of authors (see for example, Randall & Gibson 1990; Brigley 1995) who argue that the positivist tradition of an objective reality is largely inappropriate for research of ethical issues in business, Crane (1999: 237) concludes that the quality of such empirical research in business ethics is generally "poor and unconvincing" from an epistemological view and that it is the tradition of positivist and highly quantitative methodologies which may lie at the root of the problem. His main contention is that the value of any approach is driven by its potential to generate useful knowledge, and because business and accounting ethics is a highly contested, emotive and complex topic, the typical quantitative research instrument of the positivist, the survey consisting of *a priori* moral variables, is deficient. Crane (1999) proposes four reasons for this. First, as the field is neither well defined nor even well understood either by researchers or participants, an exploratory approach would be initially more appropriate. Second, the multi-faceted individualistic and often intuitive nature of morality poses great problems in devising

instruments to measure it. Third, the use of *a priori* moral variables restricts the positive instrument's ability to, for example, grasp the nuances of moral discourse. Fourth, survey research lacks the flexibility to probe for the deeper meanings and sense making activities of the individual when faced with an ethical dilemma. Crane (1999: 237) therefore argues that "interpretive approaches may offer substantial liberating potential in the development of a stronger and more theory-rich empirical base".

 Although becoming more common (Brand 2009), qualitative submissions in the literature are therefore relatively rare. This is despite the works of leading moral development authors whose models refer to the qualitative reasonings that people adopt when faced with moral dilemmas. One important example is Kohlberg (1981), whose first rendition of his six stages of moral development was published in his doctoral dissertation in 1958 (Crain 1985).[26] Kohlberg's theory proffers that an individual's moral reasoning ability can be located in one of six identifiable developmental levels, with each level of the framework being more sophisticated at responding to moral dilemmas than the last. For instance, at level one, an individual would determine right action in terms of whether or not he/she would avoid punishment; at level six an individual would determine right action in the context of universal moral principles. Such reasoning can be posited to lie at the heart of ethical behaviour. For this reason, Kohlberg's six levels form the basis of much research into accountants' and accounting students' ethical decisions.

The overwhelming focus on positivist quantitative methodologies has not emanated from rational debate. Whereas there is much debate in the literature concerning the appropriate paradigm for empirical research in accounting and management (see, for example, Laughlin 1995; Parker and Roffey 1997), debate as to which paradigm is the most appropriate underpinning for research into empirical business ethics is conspicuous in its general absence. Crane's (1999: 245) call for more imagination in the choice of research methodologies and for the dismantling of the "methodological monolithicism" of the positivist

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[26] Kohlberg is also referred to as a positivist in terms of his analytical style (see Chapter 3.3.5.3 p.91 'Vignettes').

research tradition is a step in this direction. In addition, whereas in other social science disciplines paradigm identification in a piece of research is required practice, in business ethics research it is almost completely absent (Brand 2009). Positivist quantitative research has become an unidentified default position, which is even more pronounced in the context of accounting ethics. This study attempts to help redress that balance.

2.10 What is missing from research and the study's contribution.

The empirical/descriptive literature reveals that accountants' decision-making processes have been researched for over three decades (Loe *et al.* 2000) but almost exclusively from a positivist quantitative perspective. Much of this research focuses, as a research object, on the individual and variable factors which impact upon the decision whether to follow a rules-based approach or a principles-based approach. As a consequence, far fewer focus on the process of decision-making itself; and none attempt to delineate the complete process from start to finish (McDevitt *et al.* 2007). There is therefore a gap in the literature concerning the complete process by which accountants and accounting students actually go about making decisions, that is, from the point at which an issue is first recognised as an ethical dilemma to the point at which an action is finally decided. By focusing on the decision-making processes of accounting students, this study helps to address this gap in the literature.

2.10.1 Three decades of research

Owing to the convoluted, complex and diverse nature of work environments, it is not possible to specify how all accounting students and practitioners should make all of their ethical decisions. It is as a result of this that most pedagogically based examinations of their ethical decision making are positivistic (Loe *et al.* 2000) and detail the multitude of variables that influence ultimate decisions. Such variables concern the extent to which they:

- are aware of ethical issues in the first place (see, for example, Armstrong 1996; Mayper *et al.* 2005; Ng *et al.* 2008),

- understand their moral obligations and different moral standpoints (see, for example, Glen and Van Loo 1993; Grover and Hui 1994; Messick 2009), and

- are impacted by individual and organizational factors when making decisions (see, for example, Kohut and Corriher 1994; Forte 2004; Lan *et al.* 2009; Zhang 2009).

Other studies, usually based on Kohlberg and Piaget (Cain 1985: 118) focus on important individual hierarchical variables such as the stage of cognitive moral development and judgment (Trevino and Youngblood 1990; Wimalasiri *et al.* 1996). Whilst all these studies are important in helping us to understand what influences decisions, understanding is incomplete and it is equally important to explore the decision making process itself (McDevitt *et al.* 2007*)*. Literature which does purport to concern the decision making process itself tends to be prescriptive in nature (Jones 1991; Helliar and Bebbington 2004; McDevitt *et al.* 2007). Bromell (2004: 131) claims that although there are a number of these prescriptive "frameworks…[in existence, they are]…to an extent a statement of the obvious…[and that what may be obvious in some situations may be]…obscured in others". What Bromell means here is that these prescriptive frameworks tend to follow standard textbook expositions of rational moral theory, with the often heard criticism that they either produce rules that are too general for practical use, as with deontology, or can be used to justify evil acts, as with teleology.

This lack of alternative approaches is surprising given the growing volume of interest and academic literature on the subject and the many recent initiatives and professional developments concerning ethics in accounting. Brand (2009) posits that much of the related discussion may be too narrowly focused ontologically, in that, an apprehendable reality does not sit comfortably with the convoluted and often transient nature of business ethics. Others, more specifically, wonder whether discussion is too limited in its attempts to simply "delineate or analyse codes of professional conduct" (McPhail and Walters 2009: xi), thereby ignoring the possible dynamic ethically-related interaction between accounting and contemporary societal concerns such as the environment and globalisation. Given that

empirical business ethics research concerns the investigation of "a social phenomenon with its own particular difficulties" (Brand 2009: 431), this potential interaction should be explored. This study seeks to explore such interaction from the perspective of participants' own reports.

2.10.2 The decision process

The use earlier of the term 'process' is symptomatic of a tendency in the profession and in education to embrace the view that there is somehow an instrumental approach to decision-making, which if followed to the letter will produce an ethical outcome. This view is the basis of the relatively rare instances in the business ethics literature which include decision-making models (Chryssides and Kaler 1993; Trevino and Nelson 2007). These research studies essentially invite accountants and accounting students to engage with two of the previously explored ethical traits required of professional accountants, that is, recognition of the dilemma's salient features and context and rational analysis to resolve the issue. Thus the moral reasoning usually suggested is of the rationalistic rule-following variety (Maclagan 1998). However, as noted earlier, such rule-following is associated with low levels of moral discernment, which Duska (1993) reports doesn't result in any plausible answers. A complete decision-making process would also engage accountants and accounting students with the other three traits; that is with Maclagan's (1998) dialogic mode, which engages participants in an apprehension of an issue's ethical dimension and the two remaining elements from his judgmental mode: recognition of ethical obligations, which he refers to as "*prima facie* duties" (Maclagan 1998: 34) and exercise of moral judgment, which would involve, for example, "choices on how assertive or deferential to be in any given situation" (Maclagan 1998: 34).

This study supports the notion presented by Collier (1995) that whilst rationalistic moral theories can be used to identify pertinent issues and help 'road test' different ways of resolving dilemmas, none by themselves can suggest which is the best way to go. A

particular dilemma may be handled by individual moral theories, in their own way, quite successfully, but may have very different outcomes. This study therefore supports Maclagan's (1998) holistic view of process, which as noted earlier, has features which are likely to occur coincidentally.

2.10.3   The study's contribution

The pedagogical literature concerning business and professional ethics demonstrates that from both Maclagan's (1998) dialogic and judgmental perspectives increasing attention is now being paid to the need to develop accountants' critical faculties in ethically charged situations. In the main, such learning and development is provided either through tertiary education (Baetz and Sharp 2004; Giacalone and Thompson 2006; Weber 2006) or work-based learning (LeClair and Ferrell 2000; French 2006). This may be a response to Maclagan's (1998: 174) earlier claim that without such attention "there will be a major gap in any systematic approach to the institutionalization of ethics in organisations" and follows the claim by LeClair and Ferrell (2003) that ethics education is an important feature of the business world of both students and practicing professionals.

This study is primarily concerned with the education of accounting students. However, in the interest of promoting development of moral communities and since "higher education supplies the majority of business leaders" (McCraw *et al.* 2009: 1), which will include accountants among their number, the study will also make some contribution to the business world of the practicing professional. Ethical education and development of this latter group appears to be deficient, in that it militates against promotion of moral communities by having as its rationale "the function of reinforcing the corporate ethos" (Maclagan 1998: 174) which in turn "can galvanise…individuals to work towards a corporate goal with blindness to the broader implications of their actions" (Pierce 2007: 33, summarising Young 2005).

So that accountants may become more resilient to these forces in the business world, their ethical education should begin before they enter it. As noted by Helliar and Bebbington

(2004), if students enter the business world as ethical subjects they are more likely to remain that way throughout their careers. My experiences as an educator, explored later in Chapter 3.2 p.69, have led me to believe that this is generally an uphill task and although students are more ready now to engage with value based decision-making, several misguided notions still exist. One of the main contributions then from this study into the decision-making processes of accounting students is to lay the foundations for dispelling such notions. These notions have been observed by me over many years; from conversations with students during the teaching of financial reporting to observations made during the marking of both university and professional body examination papers. These notions are similar to those outlined by Ketz (2003) and are summarised as follows:

- *One is either ethical or not, there are no shades of grey*. This would assume that ethics cannot be taught. If this was the case then there would be little place for ethics in university education. I believe that students can be taught to build good habits, such as to treat others as they would want to be treated themselves.

- *Ethical dilemmas are unique and arise independently of everyday life and can be resolved by applying a process.* Students should realize that almost every everyday activity will contain an ethical dimension, and that if they can foster good habits concerning daily human interaction, they would be better able to deal with major ethical issues. Ethical dilemmas would only not arise if there was no human interaction involved in the issue. Accounting, as a social practice, therefore involves an ethical dimension in almost every issue. A process can maintain students within a decision-making framework but it will not necessarily result in good decisions.

- *Ethics is only learned and examined in schools and universities and that responsibility for education is the responsibility of those institutions.* Students should appreciate that ethics is a constant feature of life and that the learning process never ends. Education has a part to play in developing the ethical awareness of individuals but it doesn't stop there. The profession and organisations have to accept some of the ongoing responsibility.

- *Ethics in business is different from ethics 'at home'.* I believe that ethics in business is an extension of one's personal beliefs. For instance, if an accountant would not steal from his/her neighbour, I would expect he/she would not steal from his/her employer. In other words, although the application of ethical values may change, as with the vignettes, the principles should not.

2.11   Participants as students

This study explores ethical decision-making processes from the perspective of accounting students who are more commonly known as business students. Whereas the use of business students as proxies for business practitioners is popular there is relatively little research which seeks to explore the ethical perceptions of such participants as students. This is a significant omission, given that students are "the source of new entrants to the business world and they are the foundation for the ethical structures being built by organisations" (D'Aquila 2004:156). Given that students are the 'foundation for the future', the obvious tension between reports of what they *should* do and what they *would* do cannot be ignored. How this study deals with this matter is contained in the next chapter. This section provides a brief note concerning the participants as students.

The dynamic interaction between accounting and contemporary societal concerns gives rise to a potential sensitivity of accounting students to their ethical attitudes. There are also complexities involved in identifying and isolating both their key individual variables and the situational variables which influence those ethical attitudes (McDevitt *et al.* 2007). As already noted, the overwhelmingly positivist nature of work in relation to accounting students, which assumes that a reality exists which is observable by them, has resulted in sparse attention being given to both the alternative nature of the kinds of knowledge that might be unearthed and to the alternative methodologies by which that knowledge might be accumulated (Brand 2009). The positivist emphasis in much of the work into empirical business ethics has tended to focus on the impact of variables on decisions rather than on the means or processes by

which those decisions are achieved. Focus on the latter, which provides the context for this study, will provide the rich-data empirical base suggested by Crane (1999) as necessary for a full understanding of students' decision-making. Instead of asking 'Would you do x, y or z?', the question becomes 'How would you reach your decision?'. Using such an in-depth approach, the study has the potential to uncover unexpected responses and to explore their potential importance. In particular, an exploration of accounting students' perceptions might help in understanding how accountants of the future develop their ethical thinking.

This chapter explored the accounting, philosophical and psychology literatures relevant to accounting students' ethical decision-making. The overwhelming conclusion from this is that most research in this area is *a priori* and positivist in nature and tends to focus almost exclusively on the individual variables, or salient features, which influence decisions and on the rational analysis required in the making of a decision. These are only two parts of an ethical decision-making process. The other parts, which are largely ignored by the literature, concern apprehension of the ethical dimension, recognition of ethical obligations and judgment. To begin to understand the full process by which accounting students make decisions it is necessary to explore students' own reports of that process. This is best achieved in qualitative fashion by the use of interviews. The next chapter explains how this was achieved.

3. Methodology and Research Design

3.1 Introduction

One of the objectives of this study was to design an appropriate methodology to explore the decision-making processes used by accounting students in the resolution of ethically related dilemmas. This was a challenge due to the dearth of any guidance in the literature: i) most research in this area adopts, as explored in Chapter 2, a positivistic approach and, ii) there is no previous research which empirically explores the complete decision-making process of accounting students. It was decided to use vignettes to elicit participants' responses and a qualitative methodology to explore those responses. As these two aspects are crucial to the overall research design, the remainder of this first section of the chapter discusses them individually.

3.1.1 Vignettes

This study sought to elicit, by means of interviews, the decision-making processes of participants when faced with ethically charged accounting related dilemmas. The dilemmas were presented to participants in the form of vignettes. Although there are few detailed accounts concerning the use of vignettes in qualitative research, there is some clarity as to what the term means (Barter and Renold 1999). Finch (1985: 105) refers to a vignette as a short story "about hypothetical characters in specified circumstances, to whose situation the interviewee is invited to respond". Following Finch (1985), the three vignettes used in this study were short two-paragraph stories.[27] Within the situational context of the story, the vignettes were designed to elicit from participants' responses a number of constructs, that is, their beliefs, opinions, attitudes and perceptions concerning ethics in accounting. Using these vignette responses participants' ethical decision-making processes were also identified. This sought to clarify their individual ethical stances and bring to their reports any other external factors which they believed should populate their decisions. The aim here was

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[27] Appendix 4 p.236-238 shows how the three vignettes were developed.

to satisfy three further study objectives: to make an original contribution to theory by observing and discerning any shared patterns of meaning, to make an original contribution to practice by identifying the decision-making models used by participants to resolve the vignettes dilemmas and to further my personal interest in the ethical behaviour of accountants in training.

Wide use has been made of vignettes at various stages in the data collection process in multi-method research (Barter and Renold 1999). However, as this study employs a qualitative approach *per se*, the vignettes constituted a self contained method. They were presented to participants in written form at the start of the data collection process and were kept deliberately short to provide them with the opportunity to discuss a range of 'what if' scenarios in as much depth as they wished. Thus short vignettes are of direct relevance to the exercise of judgment, in that they require participants' amplification of the situation. Amplification would manifest itself in participants asking 'what if' questions (Maclagan 1998: 184), such as 'What if I was a new starter?', 'What if I was more experienced?', 'What if my job was on the line?' etc. To keep vignettes short, they were therefore restricted to: type of organisation, a character name to provide concreteness, the nature of the character's employment and details of the dilemma. Other situational factors which may affect actual decision-making, such as age, race, religion, education etc, were excluded from the stories; although as noted, no attempt was made to prevent participants introducing these into their reports if they wished.

One concern at this stage in the design was that, as participants would be dealing with what could be emotive issues, they would be reluctant to report their own 'beliefs, opinions, attitudes and perceptions'. My experience as a lecturer has shown me that a good way to achieve a student's personal reflexion on such issues is to approach them from the point of view of a third party and then, having 'broken the ice', ask the student to comment from a personal perspective. Therefore, as vignettes have "real potential in relation to the study of normative issues" (Finch 1987: 107), questions were designed which asked participants to

comment on what they thought the character in each story *should* do to resolve each dilemma. It was realized at this point in the design that these responses may very well contrast with what participants thought the character *would* do. A note was made to elicit such rich distinctions from participants as the opportunities arose. These responses were then used as ice-breakers to get to the heart of the study, which was to explore what the participant thought he or she personally should and would do; were they to be that character in that situation. This emphasis on sense-making in the specific context of the vignettes is necessary to avoid the methodological challenge that is thrown up due to the indeterminate relationship between beliefs and actions. Although some studies have concluded that responses to vignettes reflect what individuals would do in practice, others conclude in contrary fashion (Barter and Renold 1999). In the absence of actual experience participants must be able to practice making judgments as if they were the character in the story; and vignettes help them to do this (Maclagan 1998: 183).

3.1.2 Research paradigms

Everyday speech uses the term 'research' in many different ways, from the gathering of simple facts to emotive claims by marketing people in support of their products (Walliman 2005: 8). Some use the term 'study' when referring to their own research and the term 'research' to refer to the work of others and to more general research practices. Research is more formally defined as the systematic collection and interpretation of data, with a clear purpose being to find something out (Saunders *et al.* 2007: 4), that is, research seeks to answer questions thereby generating knowledge and enabling the researcher to gain an understanding of the world (Gill and Johnson 1991). In social research, these questions can be posed and answered from a number of standpoints, which contrast in terms of the "attitudes of research workers and the methodologies employed" (Eilon 1975: 359). The word which sums up such a standpoint is, 'paradigm'. As a consequence of differing attitudes and methodologies, there is an issue concerning the appropriate paradigm to underpin empirical business ethics research. It is an issue which has caused problems for

researchers (Crane 1999; Brand 2009). The problem is that, whereas there is general agreement on the core principle of a paradigm, for instance Denzin and Lincoln follow Guba (2005[a]: 183) in defining a paradigm as a "set of beliefs that guide action", there is no consensus on which paradigm is the most appropriate or on where paradigms distinguish from one another. As Brand puts it, there is "lack of a shared methodology" (Brand 2009: 429). Crotty (emphasis in original 1998: 10) explains that such a 'set of beliefs' concerns a researcher's attitude towards: the nature of knowledge (epistemology), which embodies an understanding of "*what it means to know*" and; the nature of existence and structure of reality (ontology), which embodies an understanding of "*what it is*" that can be known. As Saunders *et al.* (2007: 108) make clear, the former concerns "what constitutes acceptable knowledge", whilst the latter concerns the "nature of reality".

The researcher's ontological and epistemological beliefs then set parameters concerning what is an acceptable method and what is the appropriate analytical practice for the research. This suggests there is a need for any research to make a clear statement concerning its belief boundaries. However, establishing clear belief boundaries for one's research is problematic; and the literature is little help in this respect, especially in relation to business ethics. As Brand (2009: 429) observes in her article which attempts to address that very gap, even the paradigm labels used by various authors are flexible: "[no] typology of the major paradigms available for, or relied upon, in business ethics has been undertaken in the wider journal literature..". She used three works, shown in Figure 3.1, to explore this notion. Brand (2009: 434) herself notes that these three were not necessarily the most important but were diverse in terms of their "depth of coverage, age and disciplinary background", thereby offering a useful "snapshot of preoccupations in the paradigm interpretation literature". The purpose of Figure 3.1, drawn from her work, is simply to demonstrate the degree of flexibility in the labels used by the three different authors to identify various paradigms. Therefore no attempt is made to explain Brand's (2009) synthesis. The headings at the top of each of the

three right-hand columns are those used by Brand (2009: 445) as a summary of the paradigms. She posits they may be useful as typologies in business ethics research.

Figure 3.1 Summary of paradigm labels			
Brand (2009)	Positivist/ Post positivist	Non positivist and Non-critical	Critical theory
1 Burrell and Morgan (1979)	Radical structuralist Functionalist	Interpretivism	Radical Humanist Radical structuralist
2 Crotty (1998)	Positivism/ Post positivism	Constructionism Constructivism Interpretivism	Critical inquiry Feminism Postmodernism
3 Guba and Lincoln (1994)	Positivism/ Post positivism	Constructivism	Critical theory
Source Brand (2009)			

Purely in terms of the confusion of labels, it is interesting to note that Burrell and Morgan (1979) do not refer to constructionism or constructivism and that their 'radical structuralist' paradigm can sit in two of Brand's (2009) typologies. Also Guba and Lincoln (1994) do not refer to interpretivism at all. Finally, in Crotty's (1998: 5) schema, paradigms are referred to as "theoretical perspectives". Brand 2009: (440) further suggests that it is the researcher's *personal* ontological and epistemological beliefs and intent that shape his/her research and its methodology. The implication here is that each researcher's paradigm is to some extent unique, so that no paradigm can be taken 'off the shelf' for use in research: "[n]o clear-cut, defined paradigm summary can be arrived at, whether the context is business ethics inquiry in particular or research activity generally". This study's methodology and research design was therefore developed within the context of a search for a personal and unique paradigm and will be further explored in Section 3.4 p.93.

Guba and Lincoln maintain that no researcher should go about the task of research "without being clear about just what paradigm informs and guides" (1994: 116) his or her worldview and, thereby, the research journey. Despite the 'paradigm confusion' referred to above, many research textbooks do present paradigms in bounded fashion. Usually, the boundaries

are drawn in such a way as to separate the paradigms of positivism and interpretivism.

Perhaps this resonates from the likes of Crotty (1998: 66) who considers interpretivism to have "emerged in contradistinction to positivism". Positivism constitutes a set of beliefs that portray reality as existing externally to the social actors concerned with its existence, and acceptable knowledge as being discernable only from observable data (Saunders *et al.* 2007). On the other hand, they see interpretivism as constituting a set of beliefs that portray reality as being *created* by the perceptions and beliefs of social actors, and acceptable knowledge as being that which is derived by a process of seeking to understand the differences between people in their roles as social actors.[28] Crotty (1998: 15) then observes that this divide between positivism and interpretivism is often posited as one between quantitative research and qualitative research. The former would use, for instance, statistical analysis, whilst the latter would use, for instance, non-numeric interviews.

Brand (2009: 440) posits that, in the context of positivist quantitative research, those boundaries are fairly transparent and that "[m]ost similarity exists in relation to descriptions of positivist…thought..".[29] The opposite is the case in the context of qualitative research. In support, Denzin and Lincoln (2005:192) note a period in the history of qualitative research, 1970-1986, when "blurred genres" began to emerge, to such an extent that "paradigms are beginning to "interbreed". As Brand (2009: 429) notes, this apparent lack of clarity may be one cause of her observation that there is a dearth of qualitative research, the approach taken by this study, into empirical business ethics, and for the proliferation of the relatively more distinct and clear positivist paradigm assumptions which underlie, albeit often in unstated fashion, "the vast majority of empirical business ethics research".

The purpose then of this chapter is to make a clear statement concerning the study's boundaries. This will be achieved by outlining the techniques used for data collection, its analysis and the principles underlying the study. As my role in this is an integral part of the

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[28] The nature of interpretivism is a central component of this study and will be more fully discussed in Section 3.4 p.93.
[29] The similarity referred to is amongst the three works used in her study: Crotty (1998), Burrell and Morgan (1979) and Guba and Lincoln (1994).

report I shall follow Wolcott's (2009) urging and report in the first person where appropriate. I am also a firm believer in Wolcott's (2009: 18) assertion that rather than writing reflecting thinking, "writing *is* thinking". I shall therefore report my study in the order in which it progressed. This is supported by Crotty (1998: 13), who suggests that "not many of us embark on a piece of social research with epistemology as our starting point". Thus, I started with an issue which needed to be addressed and designed the rest of my research within the context of that issue. The chapter therefore begins with a narrative concerning the first steps of my research journey towards a study of ethics in accounting. This is followed by an outlining of my qualitative research design which was planned in terms of the real life issue I had observed and which needed to be addressed; namely, little was known about the decision-making processes of accountants in training. The research foundations which support that design, that is, an adaptation of structuration theory, will then be discussed. Finally, sections on data analysis, validity and ethics will explain how the study seeks to present a credible case.

3.2 Research journey: initial steps

Figure 3.2 shows the initial tentative steps taken as I began my research journey. My research approach, in favouring a qualitative methodology rather than a quantitative methodology, reflected my preferred teaching style. I have always held an interest in seeking to explore the processes by which students make sense of ethical dilemmas rather than in seeking to "emphasise the measurement and analysis of causal relationships" (Denzin and Lincoln 2005[c]: 10), which is the aim of the positivist quantitative approach. Much of what happened at this stage was a mish-mash of simultaneously occurring events with little order to them. However, in the interests of reporting my study as a journey and with some form of coherence, I will attempt a form of chronological description.

I came to my doctoral studies as both a practitioner and an educator, being both an examiner for a professional accounting body and a university lecturer. I had taught the subject of accounting and financial reporting ever since joining Newcastle Polytechnic's

School of Accountancy, now Northumbria University's Newcastle Business School, nearly three decades earlier. In that time my main career interest had been the teaching of accounting practice; and in particular the financial reporting of groups. I often refer to group accounting as the 'rubik cube of financial reporting', that is, answers, which are seldom the 'right' ones but nevertheless answers, can be found no matter which way one twists the data. As a result, there existed (and still exists) a multitude of competing and bedeviling ethical and technical possibilities. My career as both practitioner and educator focused mainly, but not exclusively, on the latter.

Figure 3.2   Research journey: initial steps
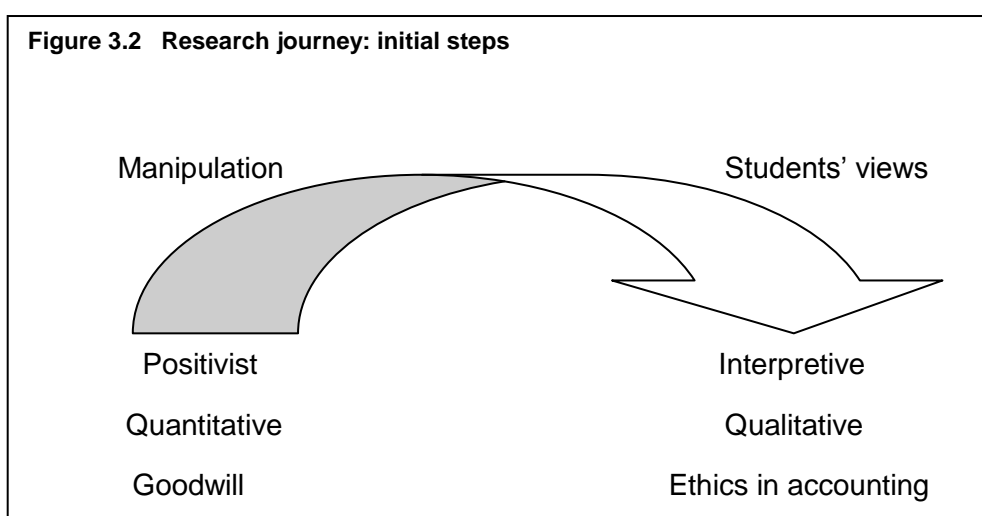
Despite my interest in seeking to explore students' sense-making of issues, when I made the initial decision to become more actively involved in research I initially inclined towards it in positivist fashion as, perhaps due to the emphasis on a teaching of accounting technicalities, that is the inclination of accountants and their research (Ryan *et al.* 2002). From this perspective, my initial idea was to undertake an examination of the relevance and reliability of corporate reporting practices and in particular, those related to goodwill.[30] This topic was of great interest because I had been exposed to goodwill accounting issues since the 1970s; first as student, then as 'Big Four' qualified accountant and finally as an academic

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[30] Goodwill is a significant intangible asset which appears upon the consolidation of two or more companies' balance sheets. It is the accounting difference between the fair value of an acquisition and the fair value of the net assets acquired. On average, the asset now represents over 50% of the cost of an acquisition (Intangible Business 2007), hence its importance to accounting.

including lectures on the topic in emerging economies. I had therefore observed many different, interesting and contested views concerning the asset's nature and technique.

However, I soon began to lose engagement with the positive quantitative approach. The positivist approach, as a research frame, did not sit comfortably with my own personal belief that the world of accounting is highly contested. That is, I believe the figures appearing on a balance sheet are not a fixed reality that exist independently of the accountant reporting them, but are one version of reality. There are in fact multiple realities. I believe the world of accounting is socially constructed by the actors on its stage rather than being made up of concrete artefacts existing externally to them. This relationship between economic reality and accounting numbers has been the subject of a long standing debate reaching back over two decades. For instance, Mattessich referred to the relationship as accounting's "reality problem" (1991: 4), in that terms such as 'profit for the year' and 'shareholders equity' have no empirical referents in the real world (Mouck 2004: 525). The view persists therefore that, rather than represent reality, accountants actually create it (McSweeney 1994; Mattessich 1995; Macintosh *et al.* 2000). As if summarising the views of such critical-interpretive authors, Hopwood and Miller (1994) suggested that accounting should be squarely accepted as a social and institutional practice and that research should reflect this.[31]

 The belief that accounting is essentially a social practice is one of the main tenets of my teaching of the subject and one which constantly perplexes those of my accounting students who believe that, for instance, there is such a thing as the 'right' profit figure. The ultimate objective of any of my teaching is to enable students to debate the possibilities and to begin to accept some responsibility for their actions. As I veered away from the dominant inclination of an accountant to conduct positivist research and towards an interpretive research stance, I found the literature revealed more concern for the way in which goodwill could be manipulated unethically and for the reasons behind such manipulation, than for the

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[31] Anthony Hopwood was referred to by Distinguished professor of accounting, Ken Peasnell, as 'one of the founders of qualitative enquiry in accounting'. Research Development Event, Institute of Chartered Accountants of Scotland, March 2010.

substance of the asset itself, that is, for its relevance and reliability.[32] For example, Forbes (2007: 8) notes this manipulation as follows:

"IFRS3 [the goodwill accounting standard] was designed to demonstrate to investors how their money was being spent on acquisitions. Our research clearly lays bare the fact that the UK's major companies….are systematically failing to comply…. As a result the accounting for business acquisitions is still opaque, and creative accounting is still occurring".

As I am a firm believer that research and practice are two sides of the same coin, that is, that research should where appropriate be embedded into teaching, I took the rudimentary findings concerning goodwill manipulation to my accounting students and asked them to comment. As I was interested in their ability to debate the possibilities, I asked open-ended questions such as 'How do you feel about that?', 'How does this square with being a professional?' and 'Is the company right to promote profits above all else? Students' responses ranged widely from self-interested egocentric positions to virtuous positions. That is, from those who thought manipulation was right if it enhanced their job and career prospects to those who believed that the very concept of manipulation was wrong. Surprisingly to me, students did not restrict their responses to goodwill nor to accounting practice *per se*. Similar responses were given with respect to many other assets and liabilities, such as financial instruments and pensions, and were also offered when asked to consider accounting actions such as shredding documents and cheating investors. The developing theme that ethical attitudes could be so diametrically opposed even within the same cohort of students and, further, range across the whole field of accounting, led me away from goodwill specifically and towards ethics in accounting generally. In short, it was the value-laden and data rich nature of the students' responses which reinforced my decision to finally move from a positivist approach to an interpretive approach. Such rich

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[32] This turn would be recognised and welcomed by Denzin and Lincoln (2005^c: ix), whose view is that a "qualitative revolution is taking over the social sciences and related professional fields", albeit perhaps not yet in the field of business ethics!

responses were typical of those I sought, and still seek, to explore when teaching accounting students. Loacker and Muhr (2009) suggest that any exploration of such ethically charged responses would question the traditional emphasis on the teaching of codes of ethics. They posit that individuals should constantly seek to ponder what they 'can become' rather than what 'they are'. Further, although positivism is the traditional methodology of financial accounting research, "the method does not provide a means of improving accounting practice" (Deegan and Unerman 2006: 247), in that, simply describing and predicting practice does not provide the prescription called for by practitioners. They invoke Sterling (1990) to argue that, rather than simply describing problems, it is necessary to ask *how* problems should be solved, so that different questions and different answers can be unearthed. This, they argue, is the way to improvement. An interpretivist approach would seek such improvement by making clear the realities underlying the phenomena "that cannot be revealed by ordinary positivist observations" (Riahi-Belkaoui 2004: 317). Having decided to engage with interpretivism, my next task was to make more sense of the paradigm and design an approach within the context of the aforementioned issue which 'needed to be addressed'.

3.3   Research design

3.3.1 Initial design decisions

Wolcott (2009) suggests there may be some mileage in a researcher coming to his/her study in an unprejudiced fashion. However this was not an option for me due to my long involvement and exposure to ethical issues in both academia and practice. The initial steps of my research journey, just outlined, therefore show that I did not come to this study with a blank piece of paper. Echoing Crotty (1998) and preceding Watson (2003), Kuzel (1999: 35) explains that "no investigator is a blank slate". Wolcott (1982 in Miles and Huberman 1994: 17) further writes: "it is impossible to embark upon research without some idea of what one is looking for and foolish not to make its quest explicit". With well grounded experiences

then as both accounting practitioner and educator, I came to the study of ethics in accounting with, what Miles and Hubmerman (1994: 17) refer to as, "*some* orienting idea". I therefore came to my research with a pre-structured, if rudimentary, design. As the study is exploratory and seeks a better understanding of a field familiar to me, a loose emergent and essentially constructionist inductive design, as in the hotly contested (see, for example, Charmaz 2005) area of grounded theory, was inappropriate.[33] Such a grounded theory study would see "all meaningful reality [as being] contingent upon human practices, being constructed in and out of interaction between human beings" (Crotty 1998: 42). The approach was thus inappropriate as this study concerns the sense-making of individuals. On the other hand, a tight pre-structured design may not have allowed for case sensitivity; that is, it may not have allowed participants sufficient freedom to report their own sense-making. A design somewhere between the two extremes appeared to be appropriate as, for beginning researchers such as myself, it allows for "greater clarity and focus" (Miles and Huberman 1994: 17). The study eventually positioned somewhere towards the tight pre-structured end of the continuum as, using Miles and Huberman's (1994) typology; I knew something, but not all, about the phenomena of ethical decision-making; the process of decision-making in the context of business related ethical dilemmas was not well understood and; I had some idea, but not a full idea, of how and where best to look for answers. I therefore had available a rudimentary conceptual framework, a set of general research questions, some notions about sampling and some initial ideas concerning data gathering devices. This 'more-tight-than-loose' focus of the study provided three potential benefits: first, due to my experience of the field, seen as a "conceptual strength" by Miles and Huberman (1994:17), data collection could be more selective, thereby minimizing the potential for collecting redundant data; second, the pre-structured design provided an opportunity to assess consistency across students and; third, students' reports could be more case sensitive.

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[33] Grounded Theory is more suited to researchers who seek to understand the collective processes by which actors "construct meaning out of inter-subjective experience" (Suddaby 2003: 634).

3.3.2 Conceptual framework

A conceptual framework (see Figure 3.3) is a key part of any research design. As explained by Miles and Huberman (1994: 18), it "explains...the main things to be studied – the key factors, constructs or variables – and the presumed relationship between them". This can be usefully paraphrased by Maxwell's sub-title to his conceptual framework chapter: '"What do you think is going on?" (2005: 33). In keeping with my interpretive inclination in teaching and research, his emphasis on the pronoun 'you', that is, me as researcher, is important. It allowed two major influences to play upon my construction of the framework: 1) personal ideas and beliefs about ethics in accounting drawn from my previously referred to research journey experiences, whether formally stated or not and, 2) themes emanating from my critical review of the literature as described in Chapter 2. Drawing on Becker (1986), Maxwell (2005: 37) proposes that existing theory and research provide two further influences on construction of the framework; namely, "pilot research and thought experiments". Both had parts, albeit minor ones, to play in the construction of this study's framework. Pilot research was conducted to test an initial method.[34] Thought experiments; that is, 'What if?' questions, were used to construct the vignettes and associated data collection questions; for instance, I had to consider what action to take during interviews if students failed to self report and instead reported what others should/would do. These two additional influences are considered further in Section 3.3.5 dealing with method. Rather than let constructs emerge, the general constructs which provided the building blocks for the study's conceptual framework were therefore largely predetermined and drawn principally from personal experience and literature in the field of ethics in business and accounting, in so far as it affected accountants and accountants in training.

As explored in Chapter 2, the field of business ethics is both broad and contested. In focusing on the core literature concerning accountants and accounting students' ethical decision-making, there were therefore a multitude of related issues and particulars

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[34] The repertory grid method was later abandoned, as explained later in Section 3.3.5.2 p.85.

concerning the topic which lay outside the study's remit.[35] The process of including,

excluding and labeling these constructs forced me to be selective about the variables and

relationships which were most important to the study. There were several iterations of the

framework as the study progressed. Figure 3.3 presents the final version.

Figure 3.3 Conceptual Framework developed for this study

Prior research
-Maclagan
-Kohlberg
-Helliar and Bebbington
-McPhail and Walters

Experiential
Knowledge

Pilot study

Ethics in
accounting

Vignettes

Thought
experiments

Individuals:
BA (H) Accounting
Year 3 students

**Decision
Process**

Subcomponents
Application
Outcome

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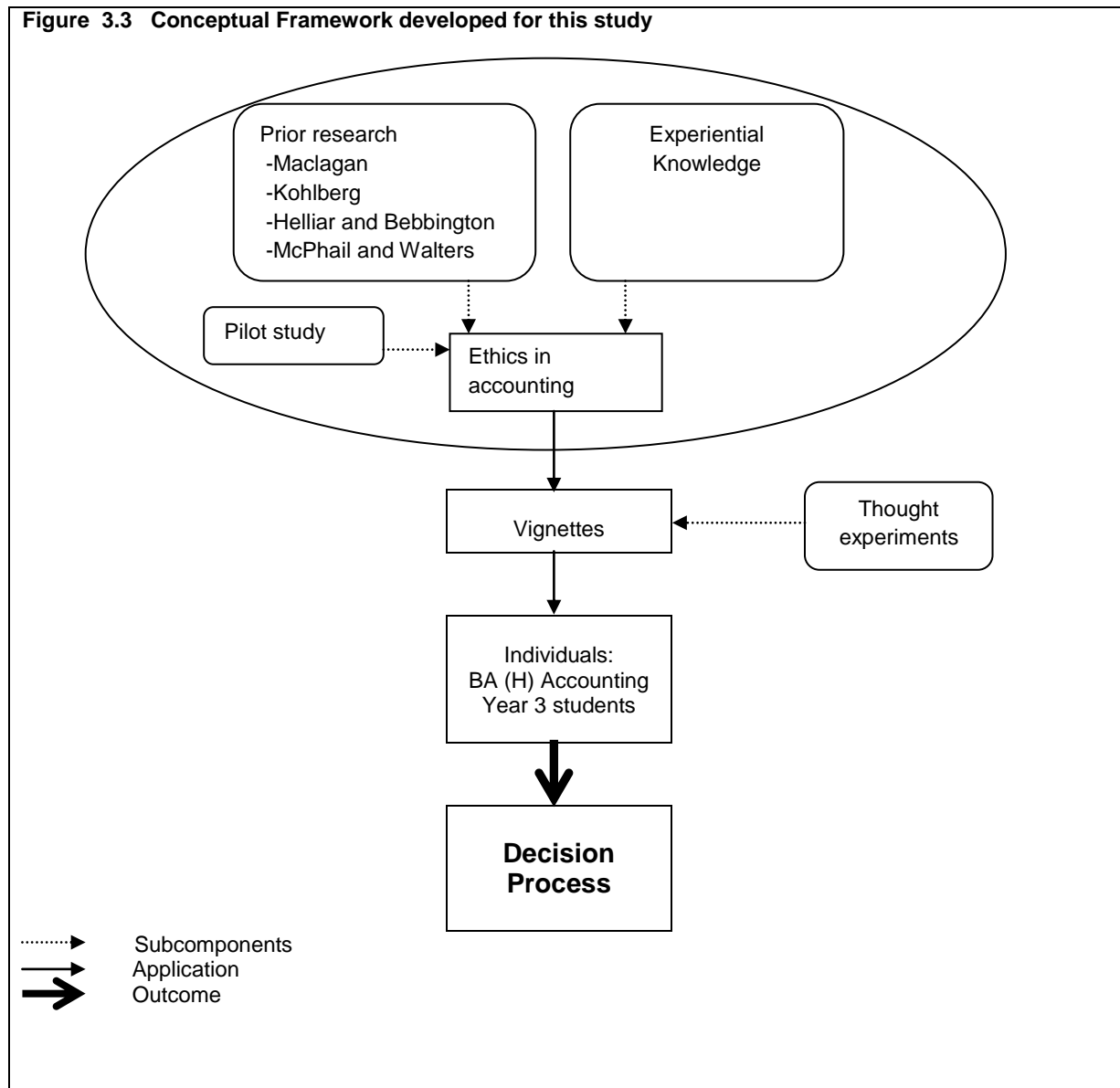
[35] The un-shaded areas of Figure 2.1 showed a list of delimitations, that is, what the study is not about. For instance, it is not about welfare utilitarianism (an offshoot of consequentialism) or contractarianism (an offshoot of deontology) or casuistry (an offshoot of applied ethics).

3.3.3 Research questions

The conceptual framework and research questions arose from consideration of the 'issue which needed to be addressed'.[36] The way in which the issue was addressed is shown by Figure 3.3. This shows the analysis had specific boundaries, that is, by seeking to ask questions about the process of decision-making, I was not seeking to explore what else might affect participants' consideration of dilemmas, such as, '*Why* should an accountant be ethical?' or 'What is *meant* by good?'. In that I therefore had a fairly pre-determined conceptual framework, set of questions to operationalise the framework and sampling frame, the model was clearly deductive. However, this approach served only to "bound and focus" the study (Miles and Huberman 1998: 23) from the start; in 'more-tight-than-loose fashion. It was clear that the research questions could not become formalised until prior research, my experiential knowledge and my ideas concerning the use of vignettes had melded to fully inform my understanding of the world of ethics in accounting. The questions therefore, were subject to a constant iterative process of refinement and reformation during most of this period.

The conceptual framework shows that the decision-making processes of accounting students is the main study interest, and Chapter 2 showed that these processes, in their complete form, are under-researched. The complete process as presented by Maclagan (1998) was used as the basis for an exploration of how participants make sense of the ethical dilemmas presented in the vignettes.[37] However, such use of a 'process' should not be taken to indicate an intention to seek formulaic reports. Students were afforded the freedom, as espoused by Maclagan's (1998) dialogic mode, to bring to their decision-making reports any arguments in which personal and professional values, emotions, culture, religion etc are taken into account. In short, within the study's decision-making context, anything they see fit. The view that reality is culturally derived, that is, subject to the structural forces of

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[36] To recap, it is that little is known about the decision-making processes of accountants in training.
[37] That is, the combination of Maclagan's (1998) dialogic and judgmental modes to develop 'moral communities', see Chapter 2.8 p.50.

society and the perceptions and beliefs of social actors, is at the heart of the interpretivist paradigm (Crotty 1998: 67).

As the study seeks to contribute to; 1) the knowledge of decision-making and; 2) teaching and practice, two main research questions then presented themselves:

1 How do structural forces and circumstances impact upon individual trainee accountants in the process of making ethical decisions?[38]

2 Do individual trainee accountants demonstrate shared patterns of meaning in the context of ethical decision-making?

The first question has its roots in Giddens' (1979) Structuration Theory, and is explored more fully in Section 3.4. Based on his theory, accounting life would be seen as more than just a random assortment of individual actions or 'agencies' at the micro level. Although, applying independent thought and dialogue in the way of Maclagan (1998), accountants and accounting students would also be required to work within structures. Thus, human agency and structure are intertwined and this study explores this 'intertwining' at a particular instant in time to reveal how participants make sense of being accountants. From this perspective a number of sub-questions then presented themselves:

1.1 Did participants recognise the business related and ethically charged aspects of the dilemmas?

1.2 Was any information missing? What else would participants have wanted to know about the dilemma?

1.3 Who else would be involved in the decision?

1.4 What other factors would influence the decision (for example experience, sense of professionalism)? How would the dilemma impact on the participant?

1.5 Was the ethical stance obvious or did participants have to work around the dilemma before deciding on their approach? (tipping points)

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[38] Focus on an individual's sense-making rather than on a collective generation of meaning lies at the heart of 'constructivism'. This will be explored further in Section 3.4 p.93.

1.6   What structure did participants use to proceed to a decision?

It should be noted that the potential for 'tipping points' in question 1.5 is designed to give
recognition to Giddens' (1984) idea that, in so far as sense may be co-constructed by my
asking for clarification at significant points, sense may be made inter-subjectively, albeit at a
point in time as with this study, rather than longitudinally as with Giddens (1984). Figure 3.4
then shows the connect between the above research questions and the five ethical traits
required of one who purports to be a professional accountant, as outlined in Chapter 2.8
p.51.

Research question	Ethical Traits				
	Appreciation of ethical dimension	Apprehension of salient features of dilemma	Recognition of ethical obligations	Rational analysis	Judgment
	Dialogic mode	Judgmental mode			
1.1	x	x			
1.2		x			
1.3	x				
1.4			x		
1.5				x	x
1.6	x	x	x	x	x

Figure 3.4   How research questions explored the ethical traits of professional accountants

The second question has its roots in my desire, as an educator, to further develop the
decision-making competences of accountants and accounting students. There has to be a
base from which to begin such development. This study is designed to provide just such a
base. The first step on this path is an exploration of their proclivities whilst at the initial stage

of their careers, that is, it explores their understandings of what it means to be an accountant. Using a method which allows them freedom to sense make and self report beyond that allowed by the traditional positivist approach, two sub-questions presented themselves:

2.1   What was the ethical stance taken by each participant across vignettes and within vignettes?

2.2   To what extent was each ethical stance consistent across participants?

3.3.4 Sampling Strategy

The use of the term 'sample' initially proved problematic for me as it continually pulled me towards a positivist way of thinking, with its implication of a representativeness of a population. I had to constantly remind myself that I was using the word 'sample' not in a positivist sense but in an interpretive sense, in that, the 'sample' essentially constituted a panel of experts (Weiss 1994 in Maxwell 2007: 88) deliberately chosen to provide the type of in-depth sense making data which can't be unearthed using positivist means. There is therefore no *prima facie* intention for this 'sample' to be representative. It is from this perspective that the term is used from herein.

3.3.4.1 Defining the case to be studied

The study began with an understanding of a phenomenon that was flexible, that is, the decision-making processes of accounting students do not inhabit some world that is fixed and clearly defined. As the development of the conceptual framework shows (Section 3.3.2 p.75) the initial questions about these processes allowed for some preliminary decisions to be made concerning the study's boundary. It therefore began with some general understanding of processes and their boundary. The purpose then was to expand and/or modify and/or confirm that understanding within that specific context. The next issue that arose was 'what to sample?' (Kuzel 1999: 35), that is, 'what should be the unit of analysis to

study?' This was also largely predetermined. However, even a single-case enquiry requires the choice of that case rather than others (Maxwell 2005: 87) and must be explained.

Over three decades ago, Johnson (1974 in Janis and Mann 1977: 26) claimed that managers, which would include accountants, may become so bewildered when faced with an ethical dilemma, they forgo choice "in order to play safe". Such a 'go for second best and acceptable' tactic would seriously disable many organisational strategies. As Eden and Ackermann (1998: 4) posit, business strategies seek to take an organisation "in one direction rather than another" and would rarely "promote the status quo" (Eden and Ackermann 1998:10). Such a worrying notion of possible inertia has prompted many studies of ethical decision-making, especially that of accountants, as shown by the literature review in Chapter 2. However, the study of accountants' behaviours *in situ*, within this context, is fraught with difficulties, not least being an individual's possible reluctance to publicly expose any emotional dimension to the dilemmas. The majority of studies therefore use students of accounting to act as proxy for practitioners (Loe *et al.* 2000). As explored in Chapter 2.11 p.61, such preponderance in the literature is justified as students are prospective managers and professional practitioners of the future (Ahmed *et al.* 2003, Phau and Kea, 2007).

However, my personal interest is in the education of accounting students *per se*, that is, in how they understand *being* a professional accountant, and therefore takes the literature in a different direction, requiring no such justification of their choice as participants. Figure 3.5 then graphically demonstrates the boundary of the case, which effectively is also the unit of analysis.
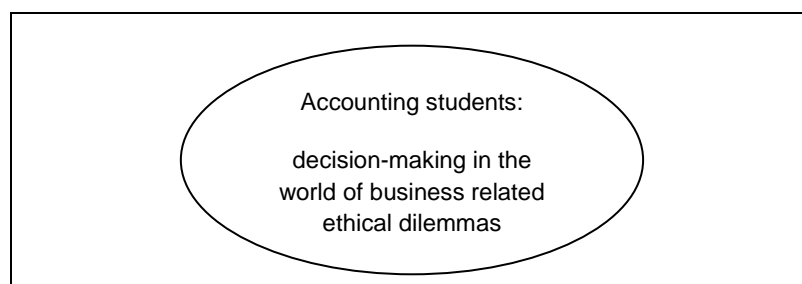
Figure 3.5   The study's case (unit of analysis).

This particular definition of the boundary would be supported by Miles and Huberman (1994: 26) who propose that sometimes the case or phenomenon to be studied may be a small group of individuals within a defined context.

'Accounting students as students' therefore lies at the heart of the study and, so that I could seek to achieve "an even deeper understanding of processes and outcomes" (Miles and Huberman 1994: 26) than that offered by a single-case approach, I decided the study should be multiple-case. As Figure 3.5 shows, the boundary is well determined and has as its context, decision-making in the world of business related ethical dilemmas. No attempt will be made to step outside this boundary. For example, it will not explore non-ethical or non-business related dilemmas, such as, how participants would cope with the technicalities of accounting or how they would manage their behaviours outside of their business world. As noted later in Section 3.4.2 p.96 when exploring structuration theory, the boundary is also cross-sectional in time and will explore the processes at one point, thereby saving a longitudinal study for a potentially post-doctoral research project.

3.3.4.2 Circumscribing the case to be studied.

Although by taking an exploratory approach there was no intention to make normative judgements or generalisations, any research study, no matter what the research question and objectives, must consider whether to use sampling, or a 'panel of experts', in the first place (Saunders *et al.* 2007: 204). In other words, although there was no *prima facie* intention for the sample to be representative, the question still arose as to how to choose the participants. As Miles and Huberman caution "much as you might want to, you cannot study everyone everywhere doing everything" (1994: 27). This is very apt even for positivist studies.[39]

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[39] For the past four or five years it has been contended in accounting faculty circles that the growth of global interest in accounting, and in particular post Enron and WorldCom etc. in ethics in accounting, has resulted in a surge in the accounting student population. The percentage growth in the UK has mirrored that in the US. Due to this growth, the UK accounting student population is now of unmanageable size for census type research.

As one of the study's contributions is to my own teaching practice, I decided to invite my own final year accounting students to become participants on the 'panel of experts'. An initial intention was to involve students from another university for cross-comparison purposes and to provide a potential validity check to the interpretations. However, due to restrictions on; time, students were nearing graduation and therefore the time available for data collection was limited and; access, a lukewarm reception was given to initial requests to involve the other university's students, the decision was taken to only involve Newcastle Business School's graduating accounting students. One clear benefit from this is that it would allow for an in-depth exploration of a specific group of my own students, thereby informing my own and the university's ethics teaching practices. Using an approach recommended by Miles and Huberman (1994: 26), further sampling decisions then helped to further define the case. The accounting students eventually selected as the unit of analysis were about to complete the final year of a BA (Honours) Accounting programme and therefore about to leave behind their roles as students and enter the world of paid accounting employment.

In that I used my own judgment to select the type of participants, the sampling strategy employed may be referred to as "purposive" (Saunders *et al.* 2007: 232). This strategy is also referred to as 'purposeful selection' (Maxwell 2005: 88); or, in that the cases all meet the same criterion for selection, may also be referred to as 'criterion based' (Kuzel 1999: 41), an approach that is particularly useful when conducting small exploratory studies involving homogenous groups. A further refinement was that, owing to time restrictions and my determination to avoid any potential to be seen to be exerting power over students during their final year of study and therefore assessment, each student was allowed to self-select their desire to take part (Saunders *et al.* 2007:233). This minimised any potential power imbalances between us (Mills *et al.* 2006). All 39 BA (Honours) Accounting students were therefore sent an e-mail containing an informed consent letter (see Appendix 1 p.228) and

with an invitation to participate.[40] Following two further follow-up e-mails, 36 responded, 15 agreed to participate and 12 eventually did so. It may have been that students chose to participate for personal reasons which, had they been known, would have potential to contaminate the findings. To rule this out, it was made very clear in the informed consent letter that they did so under their own free will and that the normal lecturer/student relationship would not apply for the purpose of the interviews. Research into reasons for non-participation has potential to add further richness to the data; but due to resource restrictions the study did not follow along this particular avenue.

Although there was no intention to generalise each subject's constructs of decision-making to other settings, it should be noted that twelve interviews accords with the proposal by Guest *et al.* (2006) that when using purposive samples saturation occurs within twelve interviews. This particularly helped to address the second research question which aimed to identify whether there are any shared patterns of meaning.

3.3.5 Method

3.3.5.1 Background

As alluded to earlier, I came to research *per se* later than I would have wished. Even once engaged with the activity, I was not able to become as immersed as I would have liked owing to teaching commitments. I have therefore become, partly through force of circumstance partly through inclination, an advocate of Richardson (2000) who believes that writing is a way of knowing about oneself and the topic of one's enquiry. In a similar vein is Wolcott's (2009: 18) suggestion that "writing *is* thinking". Richardson (2000: 923) tells us that writing is not simply a "mopping-up activity at the end of a research project", it is itself a method of discovery and analysis. She urges us to accept that writing is a research practice through which we can investigate how our world and we are constructed. In short, the act of

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[40] Appendix 1 p.228 shows the original letter. Note that owing to subsequent developments, amendments were made to: research question, reference to students as 'business practitioners' and 'leaders' was removed and longitudinal dimension to study dropped. These points are shown by an asterisk *.

writing provides the solution to those who, through no fault of their own, must learn the activity of research whilst doing it.[41] It is in this vein that the method was devised, actioned and written up.

The previous sections dealing with the conceptual framework, research questions and research strategy show how the study was focused and bounded in terms of what it would study; that is, decision-making processes and; who it would study, that is, my own accounting students. This section will explain how the information was collected, that is, the method or instrumentation used.[42] First, it is appropriate to outline the circumstances of an initial pilot study.

3.3.5.2 Pilot study

A pilot study, conducted with three accounting students prior to determining the final conceptual framework, tested the appropriateness of using repertory grids as a data gathering device.[43] One reason for this concerned my natural inclinations as an accountant. As I proposed at the time, "it satisfies a personal preference (as an accountant) for a visual presentation of the individual's constructs in the manner of a framework".[44] It is commonly believed that the repertory grid method provides a way of accessing an individual's unique set of personal constructs (Cassell and Walsh 2004). This is usually associated with an exploration of Kelly's (1963) Personal Construct Theory. Some (see, for example, Stewart and Stewart 1980) claim Kelly invented repertory grid for this purpose.

However, Kelly's (1963: xii) goal is to understand the thought processes of the individual from an explanatory perspective, that is, "why man does what he does". This purpose did not sit well with the exploratory direction in which this study was heading as a result of the literature review. Also, the repertory grid technique requires that the elements, used to elicit

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[41] And who in all likelihood will be still learning whilst finishing it!
[42] The nature of the actual instrument used, the vignette, was explained at Section 3.1.1 p. 62. Their development within the context of this study will be explained in the next Section.
[43] For a fuller explanation of repertory grids, see Cassell and Walsh (2004).
[44] Taken from this study's unpublished research proposal January 2008.

an individual's constructs, are as precise as possible. In this, my wish to use vignettes with their potential to contain multi-faceted layers, proved problematic. Hence due to: first, the imprecision of the instrument, second, my own inexperience with the technique and, third, a common problem with the technique, that is, individuals find it "difficult to grasp what the technique [is] about" (Cassell and Walsh 2004: 70), participants found difficulty in developing the required constructs in any meaningful way. As time constraints were also an issue, the decision was taken to abandon repertory grid in favour of the study's eventual instrument, semi-structured interviews. However, the experience was salutary in that it fed into the conceptual framework a reinforcement of just how contested and imprecise ethics in accounting is.

3.3.5.3 Prior instrumentation, interviews and vignettes

Prior instrumentation

Maxwell (2005: 81) cautions against thinking about pre-structuring as a "single dimension", in that, the terms 'tight' and 'loose' have value connotations and can lead the researcher to overlook ways in which a study can vary. However, although this study adopted a focussed dimension to specifically guard against study variability, it also employed an exploratory dimension, in that it analysed and interpreted the data in a mainly inductive manner using few pre-determined codes; thus countering Maxwell's (2005) caution. The 'more-tight-than-loose' prestructured approach was useful in ensuring comparability of data both across participants and across the instrument used to generate their reports, that is, the vignette. Following Maxwell (2005: 80), this approach also helped in dealing with differences between participants' reports. Also, in keeping with Miles and Huberman (1994: 16), one of the benefits of prior instrumentation is that it allowed for the determination of the processes that led to specific outcomes; that is, participants' decisions.

Interviews

The decision to employ interviews for data collection was the result of my interpretive inclination towards an ideographic methodology, by which one seeks to allow a subject to "unfold its nature and characteristics during the process of investigation" (Burrell and Morgan 1979: 6). King (2004[a]: 11) refers to interviews as constituting "the most common method of data gathering in qualitative research". He further explains that the interview method is particularly useful if a study's aim is to see the phenomenon from the participant's perspective with the intention being to understand how the participant came to that perspective, that is, it is particularly useful for interpretive studies. Hence King's (2004[a]) view was particularly useful to this study as its aim was to elicit students' reports of their decision-making proclivities and, via within-case sampling (see research questions Section 3.3.3 p.77), to determine how they came to those positions. In keeping with the 'more-tight-than-loose' nature of the research design (see Section 3.3.1 p.73) and with the aim of allowing students freedom to report their own sense making, the interview was framed in semi-structured style. Structured, in that the focus is maintained on one particular aspect of the student's accounting world, decision-making in ethical dilemmas; but not so structured that sense making was limited to particular predetermined circumstances. This approach also helped to satisfy reliability criteria (see Section 3.6.1 p.111) which, as Seale (1999: 148) suggests involves "recording observations in terms that are as concrete as possible, including verbatim accounts of what people say".

In keeping with the earlier explanation concerning my having to 'learn as I do it', and the potential to conflate interpretivism, constructionism and constructivism, the initial positioning of the interview methodology proved problematic. There appeared to be a confusing array of possibilities. For instance, Madill *et al.* (2000: 2) commented that "there are a number of epistemological positions within which the qualitative researcher can work and many different methods of analysis". Figure 3.6 demonstrates these positions. An approach based in realism would be likely to ask participants to produce reports which were true to the extent

they represented their real experiences in the world outside of the interview. An approach based in radical constructionism would require their reports to be co-authored, in that, it would be assumed there is not one reality that can be revealed, thereby requiring the researcher to bring multiple contexts to the interview and requiring that the world is interpreted by interaction between researcher and participant unconstrained by particulars outside of the interview. An approach based in contextual constructionism would essentially also involve inter-subjective meanings but would require the researcher to be very selective about the contexts and biases he/she brings to the interview.

Figure 3.6   Epistemological positions in qualitative analysis.

Realism	Contextual constructionism	Radical constructionism

Source: Madill *et al.* (2000)

As already noted, for corporate and personal emotional reasons, it was not possible to collect actual 'real' experiences of ethical decision-making *in situ*. Also, business ethics research is dominated by a concern to provide explanations of accountants' behaviour in terms which emphasise society's "underlying unity and cohesiveness" (Brand 2009: 436) rather than an emphasis on "subverting the orthodoxy". Therefore a radical emphasis was outwith the study. Interview contexts were pre-determined, although not completely context specific, in that students could bring any experience they wished to their reports. The interview style therefore positioned somewhere towards the contextual constructionist approach. In that vein, it should be noted that students are referred to here as 'participants', that is, they are seen as being only one part of the interview process. The other part of the process was me, as interviewer. This meant that the course of the interview was shaped by both participant and researcher, with its aim being to gain insights into how accounting students, in the context of the vignettes, made sense of ethical decision-making. It sits comfortably in the strand of broad phenomenological research known as template analysis.

The notion of co-authorship of participants' reports then lies at the heart of constructionism. Each party brings to a contextual interview those meanings which have shaped their thinking and behaviours throughout their lives, that is, their culture (Crotty 1998: 79); and the conflation of views would then collectively construct meaning. Constructionism is closely related to constructivism, which is an essentially interpretive paradigm (Crotty 1998: 49) within which an individual generates knowledge and meaning from his/her experiences rather than from his/her culture. Although, it is not too difficult to imagine an overlap between the two; that is, that in one's life, constructionism most likely describes what actually happens in the first instance, followed by constructivism. Constructivism is therefore essentially an embracing of the constructionist view from an individualistic perspective (Crotty 1998: 58).

Regarding interview approaches, the difference then centres on the inter-subjective nature of meaning-making. In a constructionist interview, a researcher would play a pro-active part in the construction of meaning. A constructivist interview however, would pay closer attention to the relationship between researcher and subject (Milles *et al.* 2006). The researcher must actively react to and work with the data (Strauss and Corbin 1990 in Mills *et al.* 2006) generated by the subject so as to co-construct meaning. Researcher and subject cannot be separated, and during the interview there is a ritual of give and take from one to the other. In this way, the constructivist interview becomes like a factory where knowledge is constructed and meanings are elicited. Unlike positivist research, there is therefore an unavoidable reciprocal relationship between the two which, as noted earlier, if not checked could lead to an imbalance of power in favour of the researcher. To avoid this, before and during each interview, a series of checks were considered. These included: being non-judgmental towards the participant; scheduling interview times at the participant's choice; using a non-threatening and comfortable meeting room; using a semi-structured interview so participants could feel free to direct the conversation any way they saw fit within the context of ethical decision-making; taking and exchanging, if required, biographical details; willingness to

explore responses and make responses, where required, in depth; giving participants the opportunity to amend any responses and; being open to questions and answers both during the interview and afterwards. These checks were noted on field notes. Although these checks sound as if they belong to unstructured interviews, the process was carried out within a flexible set of interview questions. They were predetermined to the extent they acted as mileposts along the way to sense-making.

As noted earlier, participants were given the opportunity to self-select participation. In keeping with this attempt to encourage participation, they were also afforded the opportunity to choose the interview type. It was thought that as they were being asked to self report what may be sensitive issues, the manner in which they did so should be the most congenial for each participant. In the event, interviews were held either: face-to-face and recorded, written or submitted on-line.[45] So as to manage the study as effectively as possible from Day 1, steps in the interviewing and data collection process were decided well in advance. These steps were as shown in Table 3.1. The interview schedule is included at Appendix 2 p.231.

Table 3.1   Steps in the interviewing process

1   Meetings scheduled with students' agreement and meeting room booked in advance. Refreshments organised for each meeting.

2   In case recall of the interview context was required during data analysis, record was made of time, date, place, type of interview, local circumstances such as weather, any external interference etc. and notes were made in a researcher's diary and field notes. Biographical details were also noted.

3   Interviews

Written interviews:
1   Go through instructions with student to check all is clear.
2   Leave student to write responses.
3   Go through responses for clarity. Ask for explanations if necessary. Make notes on schedule alongside student's responses.
4   Ask student if, on reflection, anything needs to change and whether he/she agrees.
5   Write down rough field notes immediately following interview's end.
6   Write up interview transcript asap after interview (so that I can remember what my scribbled field notes say!!). Send to students by e-mail for comments and discuss any comments over phone.
7   Write up contact summary sheet (CSS) asap (see for example Appendix 3 p.235).

Face-to-face (taped) interviews:
1   Go through instructions with student to check all is clear.
2   Begin interview and taping. Make notes on schedule.
3   At end ask student if there's anything he/she wants to change/amend/update.
4   Write down rough field notes immediately following interview's end.
5   Write up CSS asap.

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[45] Validity concerns, involving the greater time these latter participants had for reflexion, were thought to be insignificant as they submitted within one day of receiving the vignettes for consideration.

6	Get tape transcribed. Check transcription against my notes (see point 2 and brief read of transcription and CSS) and clarify/amend if necessary. Send to students by e-mail for comments and discuss any comments over phone.

Online submission interviews:
1	Go through instructions with student (face-to-face) to check all is clear.
2	Student goes away and submits online (student keeps copy for later discussion).
3	Go through submission making points which require clarification.
4	Telephone interview with student. Go through submission and discuss matters arising from 3. Students asked to speak slowly to give me time to note answers. Quick review at end of telephone discussion to ask if anything needs amending or clarifying.
5	Send any amended submission to student for agreement. Subsequently discuss any further amendments required by phone.
6	Write down rough field notes immediately.
7	Write up CSS asap.

Vignettes

The constructivist nature of the research, together with understandings from the literature review and my experience as an accountant and educator, were brought together to develop three experiential-type vignettes. These were limited to two paragraphs; both to focus on a specific theme and thereby keeping data collection to manageable proportions and to allow participants freedom to amplify their reports if necessary. The vignettes concerned a main area of my teaching, financial reporting, and, as a common cause of ethical dilemmas in the accounting world, financial reporting irregularity. There are three topics commonly taught under the 'financial reporting' banner: corporate reporting, auditing and, to a lesser extent, reporting for public sector entities.[46] The vignettes therefore involved irregularities in these three areas: financial reporting manipulation in a profit making entity; the illegal action of an auditor and; financial cheating in a non-profit making entity. Also, one of the most common causes of ethical dilemmas for an accountant is the tension between an accountant's responsibilities to the profession and those to the employer, where the critical professional values of honesty and integrity are pitted against the organisational values of corporate loyalty and obedience (Richardson and Richardson 1998; IFAC 2009: 115). Financial irregularity was therefore combined with tensions over ethical responsibilities to develop the vignettes' scenarios. Appendix 4 p.236 shows the development of the vignettes and six of

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[46] One potential consequence of using vignettes based in different topics was that participants may have responded differently to each as they perceived the balance of ethical argument to be closer in one than in another. This limitation is addressed in Chapter 4 Findings and discussion.

the eight vignette questions in more detail. Protagonists were given either a male or female name simply to add 'flavour' to the scenario. Apart from this, no individual variables were structured into the vignettes. Therefore any which did arise in the reports were at the instigation of the participant.

The first six 'interview prompt questions' shown in Appendix 4 were used to prompt responses and were categorised with reference to Kohlberg's (1981) model of Cognitive Moral Development and developed with sufficient flexibility to fully facilitate a student's construction of meaning. These six questions were developed by reference to Crain's (1985) analysis of Kohlberg's six stages of moral reasoning. A further two questions were general questions used to explore processes. Appendix 2 p.231 shows the full interview schedule containing all eight questions for each vignette. Answers to these questions, together with the follow-up discussions, provided a rich source of data when moving to the analysis part of the research. At the point of devising the first six prompt questions, there was an apparent tension between my largely inductive approach to data analysis, in which "researchers…remain blind to the structures in the field" (Flick 2002:42), and the use of Kohlberg's positivist model. However, it should be noted that these prompt questions were not intended as a means of constraining students' descriptions in positivist fashion, as did Kohlberg with his use of a structured interview schedule, but as a way of stimulating those descriptions whilst keeping them focussed within the specific context of the research.

Kohlberg's ideas were first set out in his doctoral dissertation submitted to the University of Chicago in 1958 (Crain 1985). There must be some thought given therefore as to whether the ideas contained in his model are still relevant over 50 years later; and therefore still useful as the basis of the first six questions in this study's vignettes . In support of the affirmative, a great many of the positivist studies into the decision-making predispositions of accountants and accounting students are still analysed using Kohlberg's model (Bay 2002). Perhaps for this reason the model underpins a great deal of ethics education (Reiter 1996), and is perhaps also why there is a "growing body of work that critiques his position" (McPhail

and Walters 2009: 25). For instance Reiter (1996) critiqued the model on the basis of whether being at a particular stage of moral reasoning necessarily resulted in different responses to ethical dilemmas. Others (see, for example, Gilligan 1982 in Reiter 1996) have criticised his theory as being sex-biased. Gilligan (1982) observed that the six stages were derived exclusively from interviews with males whose general focus is on rules and rights, thereby ignoring the ethics of compassion and care more often associated with the female voice. However, the vignettes in this study are not concerned with which of the six stages an individual positions him/herself on, or with whether decisions made are 'good or bad'. They are concerned with drawing out something else. They are concerned with how that individual resolves ethical conflict, that is, how that individual makes sense of the dilemma. Participants were free to bring any issues to their reports, including gender if they so desired. Kohlberg's six stages provide a way of 'drawing out' these decision-making attitudes, from out-and-out rules-based approaches to virtuous approaches and is still therefore useful in bounding the qualitative questions posed in the vignettes. They thereby serve as an aid to help a student in his/her positioning in the decision-making process.

3.4 Research foundations

3.4.1 Overarching philosophy: a problem

Business ethics research has its own peculiar difficulties. The literature review in Chapter 2 showed that the subject matter under consideration is often intrinsically sensitive, decisions are often context-dependent and there is a multitude of distorting and influencing factors. This reinforces the previously argued proposition (see Section 3.1 p.62) that it is crucial any business ethics research presents a clear understanding of the philosophical frame upon which it stands. In support, Brand writes "explicit and careful enunciation of underlying frameworks is important to the development of effective business ethics research" (2009: 431). A problem arises because, unlike certainty and clarity in positivist research, there are

no such features which stand as hallmarks of the non-positivist approach; thus Brand's (2009) difficulty in devising the type of distinctive paradigm summary she advocates.

However, one seminal text which did attempt just such a summary and which has since become the predominant reference for discussion of paradigm models (Hassard 1993: 63) was provided by Burrell and Morgan (1979: 21)[47]. Their "two dimensions: four paradigms" typology shown in Figure 3.7, brings together in matrix form; one dimension relating to the nature of social science, with its ontological, epistemological and methodological connotations and; another dimension relating to the nature of society, which ranges from notions of regulation, with an interest in providing explanations of society in terms of its underlying cohesiveness, to notions of radical change, with an interest in providing explanations of society in terms of its underlying conflict and contradictions.

Fig 3.7   Burrell and Morgan's (1979: 22) four paradigms (four 'nets').

Sociology of radical change

How can individuals free themselves
from constraints?
What are the alternatives?

	Radical humanist	Radical structuralist	
	Interpretive	Functionalist	

Subjective
approach to
social science

Principal concern is for an
understanding of the way in which an
individual creates, modifies and
interprets the world he/she is in.

Objective
approach to
social science

Principal concern is for an identification
and definition of relationships and
regularities in a hard, external world.
Search is for universal laws which
explain that reality.

My research

Why is there a need to regulate society?
Why doesn't society just fall apart?

Sociology of Regulation

Existing research

Burrell and Morgan (1979: 26) describe the functionalist quadrant as tending to be "realist, positivist, deterministic and nomothetic" and is therefore the structure within which most business ethics research has been carried out (see Chapter 2.9 p.53), that is, most research has been rooted in the need to regulate society, rather than in how individuals can free

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[47] One of the trio of authors used by Brand (2009) in her analysis.

themselves from it. The latter notion is the concern of radical humanists and radical structuralists, who take as a base for their critique of society human consciousness and structural relationships, respectively. Neither of these latter two paradigms are prominent in the business ethics literature.

In that this research seeks to understand the world of accounting students *as it is* or as it is experienced and from their own perspectives, it veers away from radical change and objectivism towards the epistemological, ontological and methodological "net" (Denzin and Lincoln 2005[a]: 22) labelled by Burrell and Morgan as "interpretive" (1979:28). However, in keeping with the discussion concerning research paradigms in Section 3.1 p.62, even this apparently clear, if tentative, direction turned out to be more translucent than transparent. Crabtree and Miller (1999: 9); note that the 'interpretive' form of inquiry is also called 'constructivist', although they do admit they believe the term 'interpretive' may be confusing as it also refers to an approach to method in field analysis (Crabtree and Miller 1999: 10). This view is also offered by Brand (2009: 433) who refers to interpretivism as being "allied to constructivism, but clearly separate on some analyses. Crotty (1998: 60) also refers to interpretivism as being "overwhelmingly oriented towards an uncritical exploration of cultural meaning", that is, constructivism. Figure 3.8 shows how these views concerning 'alliance' and 'orientation' were brought together so as to make sense of the distinction between interpretivism, constructivism and constructionism.

Fig 3.8 Research approaches

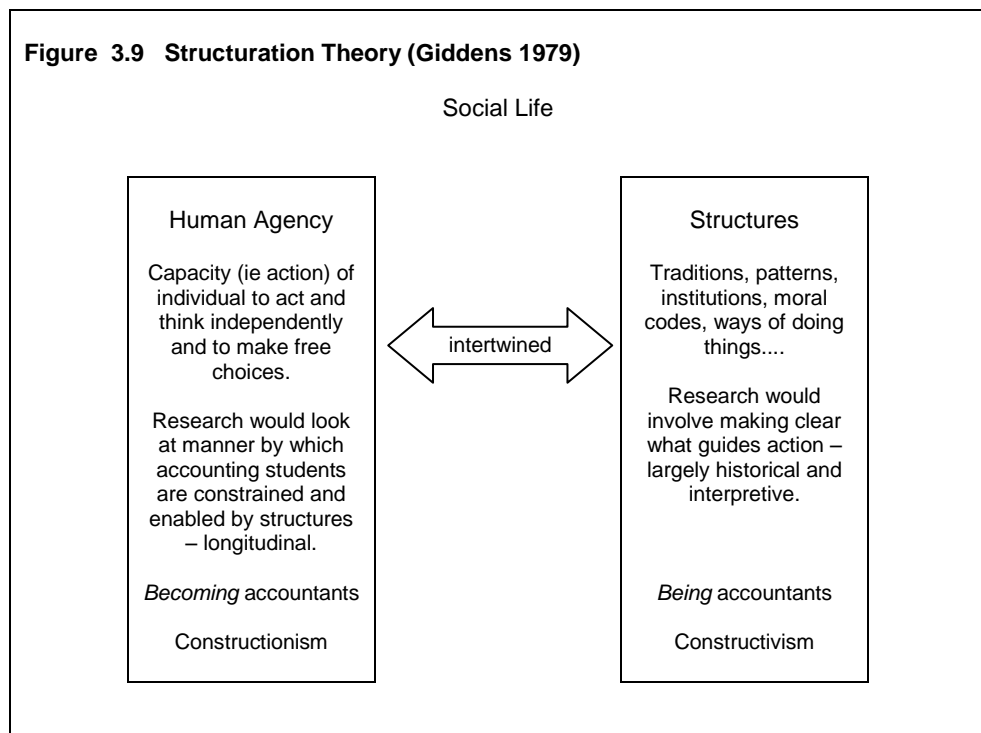|	*Interpretivism*	*Constructivism*	*Constructionism*
Subject's perspective	Individual	Individual	Collective
How is meaning generated?	Constructed from uncritical exploration of individual's experiences	Constructed from uncritical exploration of individual's experiences	Co-constructed by social interaction between individuals and their world
Interviewer style	Passive	Passive or interactive	Interactive
Analysis	Researcher recounts/reports meanings	Researcher recounts/reports or co-constructs meanings	Researcher co-constructs meanings

To further convolute matters, Brand (2009: 441) points out that Burrell and Morgan's (1979) text does not even mention constructivism or constructionism in its index; although she does concede that they could be placed, albeit uncomfortably, at the subjective end of their matrix in their radical humanist and interpretive paradigms. To take this confusion further still, the world this study seeks to examine consists of decision-making *processes*, conjuring up a world populated by empirical objects, such as 'the public interest', which may be fairly concrete in nature thereby suggesting it may be partly located in their 'functionalist' net. On the other hand, its focus on accounting students who, shown by their diverse responses to my questions concerning goodwill appear to have the potential to become in themselves agents of change, suggests it could also partly locate in the 'structuralist' net, although as they are accounting students perhaps not one of the radical variety.

Such a conflation of paradigms ('nets') is at odds with typical organisational and business research which views paradigms as being incommensurable (Jackson and Carter 1991). Burrell and Morgan put this categorically when stating that "paradigms are mutually exclusive" (1979: 25). This study follows the likes of Weaver and Gioia (1994) and Fletcher (2006) in asserting that structuration theory (ST) provides an answer to this constructionist/constructivist/interpretivist/functionalist/structuralist conundrum.

3.4.2 Structuration theory: a solution

At the heart of the conundrum lies the potential for interplay and tension at the border which lies between the subjective nature of human agency and the objective nature of structure. As shown by Figure 3.9, human agency refers to an individual's capacity to act, whereas structure refers to the ways of doing things in that individual's world. ST proposes that agency and structure can be selectively and temporarily bracketed, so that the border, if in deed it does exist, is in fact constantly shifting. Instead of "dichotomous paradigms" (Weaver and Gioia 1994: 578), ST proposes that agency and structure constitute a duality. By this, the structures which constitute practitioners as 'professional', such as accounting's

traditions, patterns, institutions, social practices, moral codes etc, and which thereby impact their and students' decision-making, are not independent of them as individuals.[48] One cannot exist without the other. Structures "are both constituted by human agency and yet at the same time are the very medium of this constitution" (Giddens 1979: 121). In other words, social structures are both the medium of human action and the result of it. Knowledge of his/her world informs the actions of an individual, which then reproduces those social structures, which in turn enforces and maintains the dynamics of that action. However, what is particularly pertinent to this study and to my teaching generally, is that if accounting students have the agency to reproduce those structures they potentially have the ability to transform them.

Figure 3.9   Structuration Theory (Giddens 1979)

Social Life

Human Agency		Structures
Capacity (ie action) of individual to act and think independently and to make free choices.	intertwined	Traditions, patterns, institutions, moral codes, ways of doing things....
Research would look at manner by which accounting students are constrained and enabled by structures – longitudinal.		Research would involve making clear what guides action – largely historical and interpretive.
Becoming accountants		*Being* accountants
Constructionism		Constructivism

Structures then both constrain and enable practitioners' and accounting students' decision-making processes and can be viewed as existing "as a time-space presence" (Giddens 1984: 17); although some (see, for example, Sarason *et al*. 2006: 290) believe that these

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[48] Just as, I believe, balance sheet figures do not exist independently of the accountant preparing the balance sheet.

structures do not exist *in* time and space; that is, they "have only a virtual existence as they are drawn on and ceaselessly reconstituted". From this perspective, they are in a constant state of flux. The impact of this 'state of flux' on decision-making would be an interesting topic for study. However, it requires a longitudinal approach, which was not possible due to time restrictions and therefore could not be accommodated. For the study to use ST it therefore had to be adapted.

3.4.3 Structuration theory: an adaptation

Giddens sees the above concepts of ST as "sensitizing devices" (1984: 326) useful to the researcher for interpreting research findings and would appear to have something in common with Chia's postmodern "style of thinking" (1995: 579) which would focus essentially on the process of a student's *becoming* an accountant, with its emphasis on a "transient, ephemeral and emergent reality". However, it is also possible to envisage a world which, albeit in a constant state of flux, as in a movie film, can also be captured as by a still photograph at an instant in time. This is a view of the world which would focus on a student's understanding of *being* an accountant.

This 'photographic' view, together with Schwandt's (1994: 118) view that whether meanings are interpretivist or constructivist is essentially "shaped by the intent of the researcher", helped me to resolve the conundrum. Whilst the study is located generally in the interpretive 'net', interpretivists would seek to grasp a participant's beliefs "from the inside, within context" (Brand 2009: 433), so that the meaning the "interpreter reproduces or reconstructs is considered the original meaning of the action" (Schwandt 2000: 193). In contrast, constructivists may co-construct meaning, so that the relationship between researcher and participant is not one-way but reciprocal: the constructivist relationship is pivotal and part of the meaning-making exercise (Mills *et al.* 2006). Interpretivism, with its requirement for one to "interpret in a particular way what the actors are doing" (Schwandt 2000: 191) would, because of its longitudinal implications, be more suitable to investigations of a student's

becoming accountants. Constructivism, in which a construction is the "product of its time and place and of the people who 'hold' the construction" (Brand 2009: 433), would be more suitable to investigations of a student's *being* an accountant. This clearly has implications for the style of data collection and was considered in Section 3.3.5.3 p.87.

Following Weaver and Gioia (1994: 580) then, for a complete understanding of a student's ethical decision-making as an accountant , two standpoints would require to be considered simultaneously; "(1) the social structures that form the arena and tools of social action" at any given time, suggesting a constructivist approach with its emphasis on an individual's understanding of *being* an accountant and an approach to interviewing which is interactive and; "(2) the manner by which individuals develop and are constrained and enabled by social structures in "a dynamic, longitudinal" manner, suggesting a constructionist approach (see, for example, Fletcher 2006; Cunliffe 2008), with its emphasis on individuals *becoming* accountants. This demarcation between constructivist and constructionist approaches was put succinctly by Crotty (1998: 58), who drew on Schwandt (1994: 127) to posit: "it would appear useful to reserve the term *constructivism* for epistemological considerations focussing exclusively on the 'meaning-making activity of the individual mind' and to use *constructionism* where the focus includes 'the collective generation and transmission of meaning'."

As noted earlier, due to time constraints, this research did not propose to provide a complete understanding of participants' *becoming* accountants and therefore focused on the first standpoint, thereby being an 'adaptation' of ST. Thus the research took a static, cross-sectional and 'photographic' turn to reflect the rules, resources and practices that influenced the actions of participants at a particular moment. This approach to organisational inquiry is supported by Weaver and Gioia (1994: 580): "in the structurationist scheme of things, historical narratives represent a concentration on one or another, temporarily extended

aspects of social life – ie the dynamics of intentional action".[49] Further, as the study interest was largely concerned with the *processes* of structuring, its perspective followed Weaver and Gioia (1994: 580) in that it was not only historical but "*largely* interpretive" (my emphasis).

3.4.4 Social constructivism: an elaboration

The constructivist philosophy underpinning this study has its roots in Berger and Luckmann's (1966) social constructionism which, as Fletcher (2006) points out is a highly contested concept and, therefore, worthy of some further elaboration.

As Crotty (1998: 43) explains, constructionism claims that "meanings are constructed by human beings as they engage with the world they are interpreting", suggesting individuals do not come to these constructions with a clean slate (Watson 2003). Crotty (1998: 57) further remarks "[w]e are born, each of us, into an already interpreted world" which we then proceed to view "through lenses bestowed upon us by culture" (Crotty 1998: 54). This means that individuals do not have innate characteristics and do not take positions simply as a result of the natural order of things (Houston 2001). Constructionists would examine the way in which this already interpreted world shapes an individual's view of it, suggesting that social constructions are likely to be inter-subjectively shaped; hence their focus on the 'collective generation of meaning'.

Giddens' (1984) notion that agency and structure are a mutually dependent duality (Rose 1999), is a development from the main proposition of Berger and Luckmann's (1966) social constructionism that "social realities and identities are created and maintained in conversations with others – rather than in structures" (Cunliffe 2008:15). ST and social constructionism therefore have much in common. However, this research focused on "an individualistic understanding of the constructionist position" (Crotty 1998: 58). In other words, it sought to examine how individual participants made sense of and constructed solutions to

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[49] By 'intentional' Weaver and Gioia (1994) mean an action characterized by the phenomenological notion of its 'reaching into' something already there, rather than its purpose.

ethical dilemmas, with attention being given to how social structures shaped that process. It thereby seeks to be a constructivist interpretation of ST.

3.5 Analysis

3.5.1 Early stage analysis

As with my research journey, this section will present the approach I took to analysis in largely chronological fashion.

3.5.1.1 Field notes

I decided to begin the process of analysis as soon as possible, rather than wait until all interviews had been completed. I felt that this approach would provide a deeper understanding of 'what was going on' in each subsequent interview. Therefore, whilst the participant read the interview instructions and made him/herself comfortable, I noted in a research diary and on hand-written single sheet paper headed 'field notes': details concerning his/her general demeanour and manner, time, local environment such as ambient conditions and weather etc. I also asked students to briefly comment, if they wished, on ethics generally and any aspect of their background they thought might be relevant.[50] Notes of these initial views were made not necessarily to use in later analysis but mainly to jog my memory of the interview contact should it be required in future.[51] For the same reasons, participants were asked for other biographical details. These details were noted on contact summary sheets (CSS) as explained later (example included at Appendix 3 p.235).

During the interview, brief one or two word entries were added to the field notes concerning: what the participant was doing and saying, what I saw as 'going on', in reflective fashion whether I was learning anything new, how the participant was reacting to me and whether anything was unusual. Similar observations were recorded as soon as the interview had finished and the participant had left the room. This scribbled note-taking initially caused data

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[50] A number of sources were consulted prior to the first interview to get a feel for the purpose and operation of field notes (for example, Emerson *et al.* 1995; Flick 2002; Silverman 2005)
[51] Although, as mentioned later, these initial views subsequently turned out to be useful.

overload issues. Students became a little 'too' comfortable, in that, they produced great deal of 'chatter' around the topic. If the study had been of the grounded and loose emergent variety, then all of this talk would probably have been important. However, as the study was more of the tight prestructured variety, I had to make sense of what was important and used the, if then rudimentary, conceptual framework and research questions for the purpose. I adopted this approach so as to gather as much pertinent data as possible, mindful of the fact that no matter how competent one might be as a researcher, one can never "get it all" (Miles and Huberman 1994: 56) and that all qualitative research essentially involves a process of data selection. Following this, and whilst allowing a short pause for reflection, as soon as possible after each interview the field notes were examined for data pertinent to my study and were then written up by me into more formal contact summary sheets (CSS), as urged by Miles and Huberman (1994).[52] Each CSS was then stapled together with the appropriate raw field notes and filed together with the relevant interview transcripts to provide twelve complete data sets for analysis.

3.5.1.2 Contact Summary Sheets

This single-sheet document contained six focusing and/or summarising questions. The first two questions concerned the participant's biographical details and background and information relevant to the interview context. The next two were informed by the rudimentary conceptual framework and research questions and concerned emerging main themes and any issues which appeared to be most/least important to the participant. The final two were to reflect any circumstances arising during the interview; concerning, for instance, other interesting details and reflective remarks by myself and details of any issues pertinent to the next participant's interview; for instance, in one interview I found difficulty in getting the participant to self report, in that, he/she was stuck in the mindset of 'the story's character should do this but would do the other'. To get around the problem, I asked 'How do you feel

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[52] As an example of the speed with which notes were written up, Appendix 3 p.235 shows that Alan's CSS was written up the same day.

about that?' This had the desired effect of eliciting the student's personal view and so I made a note to use the tactic in future if necessary.

As with field notes, the CSS provided a means by which to re-orientate myself when returning to a contact sometime after the event. The sheets also helped with coding as they helped to develop codes in respect of the research questions, and were useful at a qualitative writing workshop at which I took the opportunity to present a completed sheet together with the appropriate interview transcript to a small work group. The group comprised representatives from different disciplines therefore at first there was little agreement on 'what was going on' in the interview. Following a short discussion of the study's purpose, feedback from the group suggested the CSS had effectively captured the essence of the interview.

3.5.2 Coding

3.5.2.1 Initial validity check

The semi-structured focused interviews resulted in approx 180 pages of text. Before any coding and analysis could begin, and also during the interview process, I had to ensure that the text being produced correctly represented proceedings. Section 3.3.5.3 p.87 'Interviews' showed all the steps in the interviewing process that involved these checks. Transcriptions were a particular problem as they were produced from tape recordings by a third party. Transcripts convert one type of data, from a conversation, into another, a written narrative, so there is a need for caution (Kvale and Brinkmann 2009: 183). There was the potential for such transcripts to: miss nuances, the importance of talk before and after particular comments, and to either misrepresent my or students' words or for the transcriber to simply not understand them resulting in blanks on the transcript. Although not all 'blanks' could be filled in by re-listening to the tape, reference to my field notes helped resolve most of the other issues. Other validity checks are covered more specifically later at Section 3.6.

3.5.2.2 Levels of code

Having ensured text validity, templates were then used, in the form of codes, to thematically organize, analyse and interpret it. Codes are basically tags which are attached to slices of dissected text to indicate their meaning to the study. As they are an essential feature of interpretation, they must emanate from a well developed analytic strategy (Crabtree and Miller 1999: 164) so that they can fulfill their task of representing the text in a way which is meaningful to the study.

Miles and Huberman (1994: 56) believe that "coding *is* analysis". Its purpose is to differentiate parts of the text in a significant manner so that salient features can be identified, organized and interpreted. The data handling part of coding can be made much simpler by the use of computer software packages such as NVivo.[53] However, having attended several NVivo training events, I became aware that the technology component was creating a psychological wall between me and the data. I also believe that manual analysis, which allows, for example, connections, themes and notes to be physically drawn and/or written on the actual transcripts, brings a researcher much closer to his/her subject and thereby provides much richer data. I therefore decided to use a manual approach, albeit assisted by a computer for recording purposes, for data organisation and analysis.

Codes can operate at three different levels of analysis: descriptive, interpretive and pattern identification (Miles and Huberman 1994: 58). This study employed all three levels to varying extents. *Descriptive* codes require little, if any, interpretation. They simply attach a word or letter(s) representing the phenomena under study to the text. *Interpretive* codes attribute a cause to a particular action and, in this study, were developed as I read and began to interpret the text. *Pattern* coding 'stands back' from the previously coded data and identifies emerging patterns or themes, and thus requires a re-reading of that data. The coding

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[53] NVivo is a qualitative data analysis computer software package, first developed in 1999, which helps to organise and analyse complex non-numerical data.

approach outlined below was appropriate to the design of the study discussed in Section

3.3.1 as it is "largely interpretive" (Crabtree and Miller 1999: 163).

3.5.2.3 Creating codes

Figure 3.10 shows the extent to which coding was used in the analysis in response to the

research questions. Research question 1.1 did not use coding in the analysis. Question 1.1

responses were gained by simply asking the participants to register their degree of difficulty

in recognizing the business and the ethically charged nature of the dilemmas; the relevant

question is shown in the interview schedule at Appendix 2 p.231 question 7.

Figure 3.10   Relationship between coding approach and research questions

Research question	*Descriptive*	*Interpretive*	*Pattern*
1.1 Did participants recognise the business related ethical charged aspects of the dilemma? (Coding not used)			
1.2 Was any information missing? What else would they have wanted to now about the dilemma?	√		
1.3 Who else would be involved in the decision?	√		
1.4 What other factors would influence the decision?	√		
1.5 Was the ethical stance obvious or did students have to work around the dilemma before deciding on their approach? (tipping points)	√	√	
1.6 What structure did students use to proceed to a decision?	√	√	√
2.1 What was the ethical stance taken by each student across vignettes and within vignettes?	√		
2.2 Was the ethical stance taken consistent across students?	√		

Descriptive codes

Descriptive codes were created in both *a priori* and emergent fashion. An *a priori* descriptive

code was used in relation to research question 2.1, and to its follow-up research question

2.2. These two questions concerned a central part of the study, that is, the extent to which

students used a rules-based approach as opposed to a decision-based approach to

decision-making. This concern was explored in the literature review in Chapter 2.4 p.22. The

chapter also shows that the 'ethical proclivity' of accounting students has been well

researched, albeit in positivist fashion. The *a priori* codes were therefore developed prior to the first interview from: 1) the literature which fed into the conceptual framework and research questions and 2) from my personal experience as an accountant and educator. A particular problem arose when determining a code for principles.

A conceptual problem arose because it was thought entirely possible participants may report they would be principled and therefore adopt a certain principle, for example integrity, because 'it's a rule'. Given a focus of the study, which is that accounting students adopt *either* a rules-based approach or principles-based approach, this appeared to be a *non sequitur*. To overcome this I decided that if students reported they based decisions on, say, integrity because 'it's the right action' the relevant text was coded PRIN for 'principle'. If they reported they did so because, for instance, it was in the Code of Ethics, they were coded either EGSI, if they did so out of ego self-interest or FIN, if they did so because of its impact on financial consequences and company performance.

As participants were allowed to self report any issue they thought relevant to the study, the remaining descriptive codes relevant to research questions 1.2 to 1.5 were developed in emergent iterative fashion. Each piece of text was carefully studied and if it related to a research question it was annotated with codes appropriate to that particular research question. All codes and their definitions were then scanned for repetition, appropriateness and redundancy. After an iterative process of expansion and collapse of codes, a final list of descriptive codes relevant to each research question was established. These provided the basis for the findings and discussion in Chapter 4, which includes fuller discussion of the codes used. With two research questions, the descriptive codes led to interpretive codes.

Interpretive codes

Research questions 1.5 and 1.6 were concerned respectively with participants' tipping points, that is the point at which they changed from one ethical stance to another and the process by which they proceeded to one decision rather than another. They are both

therefore concerned with the cause of particular actions and required the development of interpretive codes.

Coding with reference to research question 1.5 followed the advice in Strauss and Corbin (1990), in that, to help collect data relevant to a particular 'tipping point', the text was again examined line-by-line and a code entered next to the point at which cause could be identified. These points were then collected on data synthesis cards containing similar incidents from other cases. These cards provided the basis for the analysis concerning research question 1.5. An example of such a card and the codes used is included at Appendix 5 p.239. This shows the code ST-EP/PROF. This code was written onto the text at the point representing a participant's Stance Transformation from an Ego/self interest to Principles-based decision-making at a point at which the participant perceived there was a duty to act as a Professional. Hence the code ST-EP/PROF. The codes were arranged in hierarchical order in a conceptually structured table together with a set of code definitions produced in order to aid in the consistent application of the code, my recollection and future interpretation.[54]

In the case of research question 1.6, which is concerned with the structures participants used to proceed to a decision, descriptive coding consisted of circling the text at decision points with a yellow highlighting pen. As part of their identification, the interview schedule contained a question specifically designed to elicit such responses. An example is included in Appendix 2 at question 8 p.231. The example shows that participants were asked to 'map out' their structures. Participants were free to do this any way they wished. This produced a range of responses including diagrams, narratives and numbered lists. These were then physically placed side-by-side on my desk and scanned for commonalities. These commonalities provided the interpretive codes. As outlined earlier, the interpretive codes essentially represented the cause of particular actions. For instance, one participant, Fran,

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[54] The hierarchy and definitions are included at Figure 4.14 p.181. They are included at that point so they may be more fully explored with reference to the relevant findings.

reported one action would be to "seek help from colleagues". The reason she would do that was because she was uncertain and needed to "check the detail". So the interpretive code CHECK was noted on that action.

Pattern identification codes

There is some similarity between interpretive codes and pattern codes. The conceptual difference is that pattern coding stands back from the interpretive codes to identify higher level themes. Pattern codes thereby herded together potentially large sections of text into a more coherent and meaningful whole This study sought to do this with respect to research question 1.6, but not by the use of codes as such. Themes were identified by writing down interpretive codes on 'post-it notes' and grouping the notes. An iterative process of arranging and re-arranging the post-it notes then continued until common themes emerged. For instance, the interpretive code CHECK was eventually located under the theme 'Are the facts in the dilemma correct?' This particular theme was then used as part of the answer to research question 1.6: 'What structure did students use to proceed to a decision?'

3.5.2.4   Revisions and emerging codes

All codes and definitions were subject to constant revision, especially in the early stages as the study began to 'find its feet'. A comment is relevant here about my working style. I found the best approach for me was to avoid technology wherever possible. I prefer to work on scripts etc in their hard copy form on my desk rather than on the computer screen. So, due to the manual nature of the analysis, the revisions proved laborious and I found it essential to code, initially at least, in pencil. However, at qualitative writing conferences, I have been told by others that they find this method keeps them more connected with the data and more alive to its 'twists and turns'. I therefore found some support in the notion that what some may see as an archaic method may often be the most beneficial.

Due to the tight pre-structured inclination of the study no change was required to the *a priori* descriptive codes. However, due to my own interpretive leanings and the study's

constructivist direction, other descriptive codes and the interpretive and pattern codes only emerged as the study progressed. This was particularly beneficial and satisfying as it produced some unexpected findings, which may not have emerged if all codes had been developed in *a priori* fashion.[55] This brought home to me just how important it is to immerse in the data as if sharing the routines and practices of the participants. It also brought home to me the need to go through the data exhaustively so that no nuances or 'twists and turns' are missed. By doing so I reached a point at which I was satisfied that I had carried out enough coding.

Although some codes were developed *a priori* others emerged and were revised as the study progressed. However, the tighter nature of the study meant that no substantive change was required to the conceptual framework. Only minor revisions were required, mainly in the area of tightening up the focus of the research questions and leaving out of the framework redundant issues. For instance: data concerning demographic issues, such as age, gender and university exam performance, and personal backgrounds, such as family business history and career path, were collected for potential use in the analysis and for reorientation purposes. However, as these issues did not feature in participants' reports they could not be imposed on the analysis and were therefore not a feature of the final conceptual framework. The codes were used essentially therefore to answer the largely predetermined research questions.

3.5.2.5 Code checking

Reliability and validity, as substantive issues, are dealt with later at Section 3.6. However, as code checking is an essential aspect of the topic of 'coding' *per se,* it is also dealt with at this point in the thesis. At the qualitative writing workshop mentioned earlier, the opportunity was also provided to validate the initial coding and its definitions. Three pages of text were presented to the work group together with code definitions. As noted earlier, the research focus and questions had already been scrutinized and agreed by the group, although one or

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[55] These unexpected findings, together with others, are explored later in Chapter 4.

two minor amendments mainly concerning terminology were required.[56] Feedback again showed that code definitions and related codes were appropriately linked to the text. Code checking of ethical stance was also carried out in the study's initial stages by the study's main supervisor. Also, halfway through initial coding of ethical stances, I returned to an unmarked copy of the first transcript and recoded it. I found that almost 95% of codes were identical. The remainder was on the correct side of the principles/rules divide.[57]

3.5.2.6 Coding period

Owing to time and work pressures, I was not able to fully code all transcripts as the data was generated. This raises the possibility that the analysis may have lacked quality and data robustness (Miles and Huberman 1994: 65). I countered this by producing the detailed field notes and writing up the related contact summary sheet (CSS) as soon as possible following the contact, thereby providing ready recall of 'what was going on' if necessary.

3.5.2.7 Reflexive comments

During the process of collecting data, writing up CSS and transcribing written and on-line interviews, opportunity was taken for reflexion thereby allowing reflexive comments to be incorporated into the transcripts. These were noted as 'memo' or 'memo to self' to differentiate them from other material. Important points were also underlined or cross-referenced to other parts of the data. As mentioned earlier, during the pre-interview period as students were making themselves comfortable, they sometimes made general off-the-cuff comments about their background and ethics. If appropriate, these were also included as memos, but in parenthesis. For example Bob said "*handling moral dilemmas was always tricky – like juggling with mercury*".[58] These were found to be very useful when it came to coding as they sometimes helped to clarify points when it came, for example, to code definitions.

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[56] For instance, I had originally intended to refer to 'dilemmas' in the conceptual framework (see Figure 3.3 p.76). However the suggestion was accepted that it was more explanatory to refer to 'vignettes' as they were a central issue in the study.
[57] By the 'correct side' I mean in a few cases I had coded principle as virtue and vice versa.
[58] This comment, together with others, can be found at Figure 4.2 p.124 Case Background History.

3.6 Reliability and Validity

The two concepts of reliability and validity are central to any discussion of the credibility of a research project and to its evaluation (Silverman 2006: 281). This section will explore these concepts as they have been interpreted and understood within the study and supplements this thesis' reporting of reliability and validity issues (as far as possible) as they occurred mainly in the context of data analysis, findings and discussion.

The notion of reliability, largely internal to quantitative work, tests the consistency of a concept's measure against dimensions such as stability over time and the internal coherence of indicators making up that measure (Bryman and Bell 2007). These notions are close to the criterion of replicability: the idea that a researcher's findings should be capable of replication by another researcher. Measures should yield the same results of the same objects regardless of extraneous variables and reliability tests the extent to which they do this. Hence stability may be established, for example, by examining the degree of correlation between two observations of a measure on two different occasions and the internal coherence of a group of indicators may be established by, for example, segmentalising the group and examining the degree of correlation between the segments.

But reliability alone does not guarantee that a measure is fit for purpose. This requires that the measure is valid, that is, appropriate to the concept it seeks to understand (Bryman and Bell 2007). So whereas reliability is associated with *consistency*, another criterion, *validity*, is associated with *accuracy* (Hair *et al* 2003). Validity, according to Silverman (2006: 47), is "another word for truth" and refers to issues of measurement, causality, generalizability and ecology; although the latter would also apply to qualitative research. Quantitative researchers tend to be preoccupied with issues of measurement and the relevant literature reveals a number of ways in which they attempt to gauge the validity of a concept's measure (Bryman and Bell 2007). Essentially such examinations involve establishing the degree of correlation between the measure and some other measure of the same concept. This may concern *criterion validity* which would assess whether the measure performs as expected

relative to some dependent variable (as determined by theory) when the test is administered at approximately the same time (concurrent validity) or at some future date (predictive validity), and *construct validity* which would assess the extent to which the measure *does* correlate with other measures of the same concept (convergent validity) and *does not* correlate with other measures of the same concept (discriminant validity) (Hair *et al* 2003). In addition to measurement validity, researchers would also attempt to assess internal validity (causality) which refers to the extent to which a causal relationship is true, external validity (generalizability) which refers to the extent to which a study's findings can be generalized beyond its specific context, and ecological validity which refers to whether "social scientific findings are applicable to people's everyday, natural social settings" (Bryman and Bell 2007: 42).

The quantitative researcher then would see "no difference between the natural and social world" (Silverman 2006: 223) and would seek to establish measures of social reality which are reliable and valid. In quantitative research reliability and validity are, in essence, concerned with the adequacy of measures and are seen as vitally important criteria in establishing and judging the quality of the research. However, Marshall (2006) suggests that if it is accepted that social reality is in a constant state of flux, concern for the accuracy of measurement is inappropriate. Following Marshall (2006), notions such as replicability and measurement accuracy would then appear to be at odds with the epistemological underpinning of frameworks such as structuration theory which holds the view that meaning is indeed in such a constant state of flux.

There is therefore some discussion amongst qualitative researchers concerning the relevance of the criteria to their work (Bryman and Bell 2007). Issues do not end there of course as this debate itself ranges between those who seek to absorb these criteria into their research almost without any change in meaning, apart from playing down the role of measurement (for example Mason 2002), to those who propose use of the criteria but imbue it with different meanings (for example Kirk and Miller 1986) and those who suggest that

qualitative research should be judged in the light of a quite separate set of criteria (for example Guba and Lincoln 1994). Guba and Lincoln's proposal stems from their belief that any reference to the terms reliability and validity in qualitative research places the researcher in the milieu of alternative and competing meanings and that it is best to avoid the terms altogether. The evaluative criteria by which this study should be judged are those internal to qualitative work and should reflect Guba and Lincoln's (1994) primary criteria of 'trustworthiness'. Trustworthiness comprises four elements: credibility, transferability, dependability and confirmability which parallel the four quantitative evaluative criteria of internal validity, external validity, reliability and objectivity respectively.

In qualitative research therefore trustworthiness criteria such as credibility, which would be taken to refer to the "extent to which an account accurately represents the social phenomena to which it refers" (Hammersley 1990: 56) or as Kirk and Miller (1986: 21) would have it 'whether the researcher sees what he/she thinks he/she sees', have an anti-positivist connotation, in that, the social world must be interpreted and can only be understood from the perspective of the individuals who are directly involved in the activities being studied (Burrell and Morgan 1979: 5).

Qualitative research then, does not work within the shadow of an objective reality[59] viewed as being the ultimate goal. Searching for an ultimate goal or truth is not the province of qualitative research, producing an account that is trustworthy or "useful and believable" (Maxwell 2005: 106) is. These are the evaluative criteria which are internal to qualitative research and by which this study should be judged. As the study necessarily involved me working alone, I was effectively "a one-person research machine" (Miles and Huberman 1994: 262) from its start, that is, from definition of the problem, to its finish, that is, to the writing up. Following this singular approach, threats to the study's usefulness and believability came from two directions: researcher bias and research reactivity. The former

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[59] Note that even within the positivist paradigm, there is a growing view that validity is relative; that it can never be totally context-independent and that methods are only ways of collecting evidence that help rule out threats to validity; that is, they cannot guarantee it (Maxwell 2005: 105).

concerns possible biases brought to the research by me, whilst the latter concerns my possible influence on the participants and on their reports. Qualitative research then, works by testing whether a researcher's account of an individual's description of his/her world is credible, transferable, dependable and confirmable and involves devising strategies to this end. These strategies were devised by bringing together the works of Miles and Huberman (1994), Crabtree and Miller (1999), Maxwell (2005) and Silverman (2006) and selecting those most appropriate to the exploratory nature of the study. As noted, these strategies are introduced at appropriate points in the thesis, but include those shown below.

3.6.1 Intensive involvement

Telephone discussions for on-line interviews both totaled approximately 45 minutes. Other interviews lasted, on average, one and three-quarter hours. The length and semi-structured nature of the interviews together with my constant presence, allowed me in constructivist fashion, to 'dip in and out' of participants' reports thereby allowing participants the opportunity to reflect and ruling out the collection of redundant data and any potential for decisions to be made prematurely. This strategy thereby enhanced the credibility and dependability of their reports.

3.6.2 Data type

Following Maclagan's (1998) dialogic ideas, intensive co-constructivist interviewing enabled me to collect data that was rich, in that, by bringing together transcripts, field notes and contact summary sheets, I was able to co-construct as complete a picture as possible concerning, as Maxwell (2005) would put it, 'what was going on' in participants' attempts to report decision-making processes. To further report dependability, the study adopted Moisander and Valtonen's (2006) suggested two approaches in 1) providing details of research design and data analysis in the thesis so the full research process is clear and 2) explicitly outlining the theoretical stance taken to interpretation, thereby showing why one interpretation is favoured over others. Both are addressed at appropriate points in the thesis.

3.6.3 Informant feedback

Participant feedback is one of the most "logical sources of corroboration" (Miles and Hubmerman 1994: 275) and enhances credibility in that participants have more sense than the researcher of 'what is going'. Feedback therefore acted as a useful check on my understanding of 'what was going on'. All participants were given the chance to amend transcripts and were provided with a copy of the final document for comment. There was a danger here that participants may have become so uninterested in the project by this point that any comments were frivolous. However, I always preceded this stage by asking whether they were prepared and able to continue. All participants responded positively; albeit some more enthusiastically than others.

3.6.4 Searching for surprises

The identification and analysis of variable data and negative evidence is normally a key part of validity testing in qualitative research (Maxwell 2005: 112). However, as this study is exploratory rather than explanatory, looking for negative evidence or rival explanations to actively disconfirm (Miles and Huberman 1994: 271) 'what was going on' and to thereby enhance confirmability, was not part of the research design; although seeking to establish whether there were any patterns to students' sense-making, and thereby "looking for surprises" (Miles and Huberman 1994: 270), was. This was achieved by presenting data in various table forms and scanning the data for variability.[60] Confirmability was also achieved by the strategy of ensuring that my own personal history did not influence the conduct of the research or the findings derived from it.

3.6.5 Triangulation

Triangulation is an "essential check for the researcher" (Crabtree and Miller 1999: 82) and aids credibility. It normally refers to the use of multiple informants and settings and multiple methods. The aim being to reduce the risk of systematic biases creeping into the data and

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[60] These various tables are presented in Chapter 4 and are discussed at the appropriate point.

findings due to a specific method (Maxwell 2005: 112). However, as the overall purpose of triangulation is to allow "a better assessment of the generality of the explanations" (Maxwell 2005: 112), its relevance to this study, being exploratory, is limited to its use in confirming the credibility of the participants' descriptions. Triangulating by data source (Miles and Huberman 1994: 267) therefore involved producing within-vignette matrices which mapped participants' reports to ethical stances (see for example, Appendix 6 p.240). Scanning across participants' reports then allowed me to assess both their similarities and whether they had been appropriately categorized.

The three interview strategies provided different environments for data collection and different points for reflexion by both me and the participants. For example, the unavoidable use of the telephone with respect to online submissions did not allow me to pick up any visual cues as to whether participants were experiencing any difficulties, necessitating the use of verbal prompts where appropriate. Also, the tape-recorded interviews produced far more detail than did either the written or submitted online interviews. These latter two were written up by myself and therefore only contained data that I observed as being important to the student's report of decision-making processes.[61]

Miles and Huberman also propose that triangulation can be achieved "by researchers and by data type" (1994: 267). However, the nature of doctoral study ruled out researcher triangulation and time restrictions meant convergent validity, for example by using more than one data type could not be assessed.

3.6.6 Internal transferability

No attempt was made, or will be made, to seek to generalize findings to external settings, such as other universities. However, internal transferability was possible as all accounting Year 3 students were invited to participate. There was no attempt to select participants by gender, nationality, race, religion, business background, degree classification etc. The study

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[61] This introduced the problem of researcher bias. I attempted to rule this out via my strategy, noted earlier, towards informant feedback.

therefore attempts only to provide an account within the specific context of ethical decision-making, and thereby seeks to illuminate that context. Having said that, my own personal links with accounting faculty at other universities and my involvement with the training of accountants by the profession, leads me to believe that there is no obvious reason not to believe that the results could be generalised more widely.

3.7   Ethical issues in the research

To ensure overall integrity, quality and trustworthiness, this study followed the guidelines and procedures of Northumbria University's Ethics in Research and Consultancy Policy (the Policy) (University of Northumbria 2010). The Policy embraces two fundamental principles: 1) beneficence, which requires that any research has a conceivable benefit, in that, it promotes the interests and well-being of others and, 2) non-maleficence, which requires that no harm shall come to anyone involved with the research. These two principles therefore imply that researchers must behave at all times with honesty and integrity, particularly with respect to the research participants. Consequences and the well-being of others should therefore be considered at all stages of the research. More specifically, the Policy requires that where human participants are involved with the research: their physical and personal autonomy should be respected, their participation should only be on the basis of fully informed consent, and their rights to confidentiality should be guaranteed. The Policy was implemented in the following manner:

- *Informed consent*: Participants were made fully aware of the nature of the research, their part in it and the method to be used. They were also asked to indicate their willingness to participate by signing an informed consent letter (see Appendix 1 p.228). It was particularly important to obtain their consent in this way as: 1) the study deals with people and with moral dilemmas they may be or may become sensitized to, and 2) there was the potential for a power imbalance caused by use being made of my own students as

research subjects. All participants were made aware that the normal lecturer/student relationship did not apply to the study.

- *Participation*: Participants were advised by the informed consent letter, and were reminded at the start of each interview, that they were under no pressure to participate but, if they did, could leave or take a break at any point they wished.

- *Confidentiality*: Although it is envisioned the thesis will be a matter of public record, data will not be publicly available and is securely held in files outside of the university.

- *Anonymity*: Interviews were held in a secure and non-observable (by outsiders) location. Participants were provided with a unique pseudonym which was used to ensure their anonymity at all times, including during any public discussion of the research. This pseudonym was known only to me.

- *Ownership of data*: This was discussed with participants at the start of each interview; an overriding theme being that if a participant expressed a desire that data was not used then it wouldn't be. In the event no participant expressed such a desire. No data was collected concerning students who declined to participate. To allow participants to reflect on implications for their future learning, they were all given the opportunity to raise questions at the end of the activity (see Sections 3.3.5.3 p.87 and 3.6.2.3 p.114). They were also given copies of interview transcripts. An intention post doctorate, is to re-interview these participants to ascertain whether their decision-making practices have changed as a result of their exposure to the world of employment. Participants would then be given a further opportunity to reflect on their sense-making activities.

- *Use of results*: Findings will be used only for the specific practical end purpose already expressed by this study. It was important to express this specifically to participants so they did not bias their reports to my own expectations. Participants were therefore told at the start of each interview that findings would not be used in any way to draw external conclusions about an individual participant's performance, ability or trustworthiness. This was especially important owing to the potential for imbalance of power mentioned earlier

and to ensure there was *honesty and trust* between researcher and researched and no conflict of interest.

This chapter has outlined how the study achieved its objective of developing a methodology to explore the decision-making processes of accounting students with respect to ethical dilemmas. In short, the approach adopted a social constructivist and interpretive research approach informed by structuration theory. Within a qualitative framework, vignettes were presented to participants in semi-structured interviews. The approach taken was unique in that those processes have not been researched in such a manner before. The following chapter explores the findings from the operation of this methodology.

4 Findings and Discussion

4.1 Introduction

The purpose of this qualitative/descriptive study was to explore the decision making processes of accounting students when faced with ethically-charged financial accounting and business related dilemmas. The focus on financial accounting and business excluded consideration of any dilemmas or standpoints not within that ambit; for example, life threatening dilemmas and the potential for different responses by participants had the dilemmas been viewed from a non-business personal context were excluded.[62] The dilemmas were contained in three vignettes each covering a different aspect of an accountant's work: financial reporting, auditing and public sector accounting. Participants were asked via semi-structured interviews, to report their accounts of how the protagonist in each of the three vignettes, Faith (in the financial reporting vignette), Simon (in the auditing vignette) and Mary (in the public sector accounting vignette), should and would proceed to resolve the dilemma. Follow-up questions were designed to elicit participants' ethical reasoning, having placed themselves in the position of the protagonist. Twelve students participated and, using identical interview questions, each participant was asked to report on the same three vignettes.

The findings below are presented in order of the study's research questions. These are each then followed by a discussion of those findings, including their pedagogic and practical contribution. One problem which concerned me as a novice researcher was how to actually 'present' the findings. This issue was discussed with colleagues at Northumbria University and at various events, such as the Writing Across Boundaries workshop and the ICAS Research Development Event both mentioned earlier. I eventually decided to follow the advice given by King (2004[b]), who proposes that there are three broad approaches to

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[62] Although Chapter 2.9 shows that this study seeks to prepare the way for an exploration in class of the differences made to ethical dilemmas by different contexts and obligations; such as the view that business and personal ethics are separate issues.

presenting the findings of a study using template analysis. A synthesis of his proposal is shown in Figure 4.1.

	Approach to presentation	Pros	Cons
1	Present individual case-studies in full and follow this with a discussion of differences and similarities between cases	Provides a firm understanding of each individual's perspective. Discussion of themes remains located in the individual's account of their experience.	Resource intensive in terms of time and effort. Wider picture can be lost due to amount of detail.
2	Present an account structured around main themes with illustrations of theme drawn from each case.	Provides a clear view of the wider picture by presenting the most striking features of the thematic analysis.	Presenting the wider picture may encourage one to over-generalise, thereby losing sight of participants' individual experiences.
3	Present findings thematically with selected cases to illustrate those themes.	Synthesizes above two approaches and resource efficient.	May be difficult to justify criteria for selecting cases which fairly reflect themes in the data as a whole.

Figure 4.1 Approaches to presentation of findings: template analysis.

As my approach to research is from the perspective that 'writing is analysis' (see Chapter 3.3.5.1 p.84), I was not inclined to King's (2004[b]) first approach which would essentially have required the analysis to be virtually complete before I could begin to consider presenting the findings. I explored the idea of using his third approach due to its resource efficiencies, but found great difficulty in justifying the selection of cases. I finally opted to use his second approach as it readily gave a clear and complete picture of the data. I attempted to guard against "drifting towards generalisations" (King 2004[b]) by making a list of words and terms which would have taken me in that direction, such as 'the majority', 'most' 'half of' etc, and fixing the list to my desk. The findings which follow are presented from the second perspective.

4.2 Research question 1: Structural forces and circumstances

How do structural forces and circumstances impact upon individual trainee accountants in the process of ethical decision-making?

At the heart of this study lies the theory developed by Giddens (1984: 25) to explain the "interaction" of agency and structure, that is, structuration theory. As explained in Chapter

3.4.2 p.96, Giddens' notion is that the two co-exist as a "duality". In this study, the agency dimension constitutes situated actors (accounting students) who involve in social action and interaction in various situations. The other dimension, existing contemporaneously, are the structures including *inter alia* codes of ethics, resources such as accounting knowledge, traditional relationships between student and practitioner etc; in other words, 'ways of doing things' that are maintained, developed and transformed by that social interaction. Empirical research into ethical decision-making (see Chapter 2.9 p.53) has occasionally sought to establish how specific aspects of structure, for instance, codes of ethics, rewards and sanctions, culture and organizational climate and significant others (see Loe *et al.* 2000) impact on accountants' and accounting students' decision-making activities. This study sought to ask participants to self report those impacts.

Research question one therefore asked 'How do structural forces and circumstances impact upon individual trainee accountants in the process of making ethical decisions?' Only participants' reports were to be used to answer this question therefore, to provide a structure for their analysis, the "linear process indicated in the typical decision-model" (Maclagan 1998: 41) was used to layer the question into six research sub questions.[63]

1.1   Did participants recognise the business related and ethically charged aspects of the dilemmas?

1.2   Was any information missing? What else would participants have wanted to know about the dilemma?

1.3   Who else would be involved in the decision?

1.4   What other factors would influence the decision (for example experience, sense of professionalism)? How would the dilemma impact on the participant?

1.5   Was the ethical stance obvious or did participants have to work around the dilemma before deciding on their approach? (tipping points)

1.6   What structure did participants use to proceed to a decision?

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[63] The development of these questions was outlined in Chapter 3.3.3 p.77.

4.2.1 Research sub-question (RSQ) 1.1

Did participants recognise the ethically-charged and business-related aspects of the dilemmas?

Before posing the standard interview questions shown in Appendix 2 p.231 participants were asked to comment generally on their backgrounds in any way they felt was relevant to the study. The aim was to make participants feel comfortable in the process. They were also asked to provide any initial views they had concerning accounting and business ethics. The complete data set from this process is shown at Figure 4.2.[64] It reveals all participants had initial views on ethics. In addition, they presented views on work experience, related studies at secondary school, family history in accounting and business and career path. The data set in Figure 4.2 was used in the presentation of findings and discussion relevant to RSQ 1.1.

RSQ 1.1 sought to explore whether participants recognised the ethically charged and business related nature of the dilemmas. It was important to ask this question because if they had not recognised the dilemmas as having an ethical dimension or as being related to business in the first place, then the study would have been largely redundant. Also the extent to which students have views, whether initial or otherwise, about business and accounting ethics is important for pedagogic purposes; they may be used as prompts to facilitate a deeper exploration of such views. All views were noted in field notes and written up onto contact summary sheets for later analysis (see Chapter 3.5.1.2 p.102).

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[64] Note that this includes a column headed 'researcher observations'. This was not used in any way in the analysis as it raises psychological issues concerning the uniqueness of individuals which are outwith this study. It was recorded for use as a way of re-orienting myself with the event. It is included here purely in the interests of showing the complete picture concerning data collection at the initial stage. Columns 2-5 concerning degree classification were added post interview from student records once data was established. However, in the interest of maintaining student anonymity, the data has been excluded from the thesis.

Figure 4.2   Case background histories.

Legend : (WI = written interview, FF = face-to-face, SO = submitted online)   (As = assignment   Ex = exam)   (CA = chartered accountant)   1/2

Case	Int	Award class	Degree %	Acc'ing module %	Audit module %	Work experience pre-university	Initial views on business ethics at start of interview	Previous accounting/business study	Any family history in accounting and business?	Career path	Researcher Observations
Bob	WI					Finance dept of large company	During work experience: "handling moral dimension was always tricky, like juggling with mercury".	A-level	CA	Professional accountant	Cheerful and friendly, good communicator, relaxed.
Diane	WI					Sales and accounting	On youth charity award scheme: "loved it but could never quite get a handle on it". Disability awareness classes.	A-level	Business	Professional accountant	Confident, switched on, great drive, quite mature, logical thought processes and good interpersonal skills.
Gordon	FF					Hospitality	During hospitality work: "came across moral dilemmas every day – only didn't realize that's what they were til I came to university".	A-level	Business	Professional accountant	Bit withdrawn and nervous at start "keep thinking there's a right answer and wonder what it is".
Chris	WI					Salesman and assistant accountant.	"My [teacher] said I had 'high moral probity'" "Always been interested in working for good of people and society"	BSc Year 1	None	Professional accountant	Relaxed but withdrawn.
Alan	FF					None	No views expressed. "Couldn't think of anything to say"	A-level	CAs	Professional accountant	Very confident. Good interpersonal skills.
Les	FF					Hospitality	"Obligation to society drilled in by [previous experience]…thinking for yourself not allowed"	BSc Year 1	Business	Undetermined	Pleasant and friendly. Relaxed.

Figure 4.2 (cont):   Case background histories.

Legend : (WI = written interview, FF = face-to-face, SO = submitted online)   (As = assignment   Ex = exam)   (CA= chartered accountant)

Case	Int.	Award class	Degree %	Acc'ing module %	Audit module %	Work experience pre-university	Initial views on business ethics at start of interview	Previous accounting/ business study	Family history in accounting and business	Career path	Researcher observations
June	WI					Finance dept of large company	"I suppose I came across ethics before auditing but can't say when".	Diploma	None	Professional accountant	Cheerful, self motivated, good interpersonal skills.
Fran	WI					Family business	"in business you learn that being honest is your bond. That's what [relative] says. It should be there at all levels in business" "Recession and accounting scandals have meant that business ethics is probably more important than anything else in business"	None	Business	Business	Mature, confident and relaxed responses.
Helen	FF					None	"ethics is important as students but in real world in business it's… your cash flow that is really important"	None	CA	Professional accountant	Withdrawn at start.
Norman	WI					Family business	"taught very strong moral values as children, to be good people and earn (others) respect"	Diploma	CA	Professional accountant	Friendly, confident
Ellie	SO					Accountant	"some see ethics as what others do – like it's normal for them, but you (yourself, can) always find a reason not to be ethical"	A-level and technical award	CA	Professional accountant	n/a – cheery and confident on phone in follow up interview.
Irene	SO					Accountant	"A lot of the time business can't afford ethics. They pretend nothing is really wrong and hope it'll go away – like someone not going to the doctor because they don't want to hear they've got cancer"	None	None	Professional accountant	n/a – bit hesitant on phone in follow up interview.

4.2.1.1 Recognition of the ethically charged nature of vignettes

One of my concerns as an educator is that students approach ethics as 'something else to learn' rather than as being an extension of what occurs in their everyday life.[65] This would be the case, for example, if participants could produce a view about ethics, or recognise its impact, in their personal life but be unable to relate those views to the world of business or accounting. It is entirely possible that accounting students may have no views about business or accounting ethics unless specifically prompted. That is, they may not recognise, unless specifically directed to do so, that many of the issues and views they must deal with in the everyday life of accounting have an ethical dimension (Yuthas and Dillard 1999; Dunn *et al* 2003; Helliar and Bebbington 2004). My concern at this point was not to contaminate the data with my own beliefs. Therefore, prior to their exposure to the vignettes, participants were asked to voluntarily offer any views they had concerning ethics which they thought may be relevant to the study. These voluntarily offered views were then compared with their subsequent views having been specifically requested for them following exposure to the vignettes. This comparison showed that contrary to the possibility aired by Yuthas and Dillard (1999), Dunn *et al.* (2003) and Helliar and Bebbington (2004) participants did have prior views. For example, Figure 4.3 shows that both Bob and Diane had initial voluntarily reported views on ethics which reflected its complexity. However, in the context of the vignettes, whereas Bob had 'a little' difficulty in recognizing the ethical dimension in the Faith vignette, both had 'no difficulty' with reference to the Simon and Mary vignettes. One participant, Alan, made no comment initially; which could have meant either he had no initial view about ethics, or had withheld his view. I couldn't pursue this at the time, as the comments were purely discretionary. However, when asked during the post-interview feedback session why he hadn't offered a view, he said "..*couldn't think of anything to say*", which appears to be consistent with the possibility aired by the above authors. However, there is the possibility that he was simply withholding his view: he subsequently was

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[65] See Chapter 2.10.3 p.59 re potential contribution. The myth that personal ethics and business ethics are entirely separate issues is one I seek to dispel in my teaching.

awarded a first class honours degree, which requires amongst other things the ability to produce critical analysis; his family history and career path both suggest an inherent interest in the topic and; he later had just 'a little' or 'some' difficulty in recognizing the ethical dimensions to the vignettes.[66]

Figure 4.3 shows that initial voluntary views reflected: the complex nature of ethics, the difficulty in recognizing its dimensions, its nature as a personal attribute, and its relative importance to business.

Figure 4.3   Comparison of initial voluntary ethics views with those reported post exposure to vignettes.

Initial views on ethics reflected…		Views reported after exposure to vignettes		
	View held by:	Faith	Simon	Mary
		Financial reporting irregularity	Illegal act	Cheating
…its complex nature	Bob, Diane	B2 D1￼ B2 D2	B1 D1￼ B3 D3	B1 D1￼ B4 D3
…difficulty in recognizing ethical dimension	Gordon, June	G2 J1￼ G2 J1	G1 J1￼ G4 J3	G1 J1￼ G2 J4
…its nature as a personal attribute	Chris, Les, Fran, Norman	C2 L2 F1 N1￼ C2 L1 F2 N2	C1 L1 F1 N1￼ C2 L2 F2 N2	C1 L1 F1 N1￼ C4 L2 F1 N2
…its relative importance to business	Helen, Ellie, Irene	H3 E2 I1￼ H3 E2 I4	H1 E2 I1￼ H1 E3 I3	H2 E1 I1￼ H4 E3 I3
No comment	Alan	A2￼ A3	A3￼ A4	A2￼ A4
		Legend: First line reflects difficulty in recognizing ethical dimension to the dilemma, where: 1 = none 2 = a little 3 = some 4 = a lot 5 = great difficulty ￼ Second line reflects probability that dilemma will occur in business: 1 = extremely high 2 = very high 3 = 50/50 4 = small 5 = none ￼ Letters refer to subjects' names.		

As an accounting educator, it is pleasing to know that students at least have *some* views on ethics; as opinions can provide a useful platform for class discussions.[67] It will provide a useful starting point as I seek to incline students away from the view that topics such as

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[66] It is conceded that there could be myriad other reasons why Alan withheld his initial view.
[67] A Newcastle Business School Ethics and Governance module has as one of its aims, "to provide students with an opportunity to locate their own views within (or outside) [alternative ethical frameworks] and to provide a vocabulary for appropriate debate and discussion" (NBS 2009).

ethics are 'learned up' as if they were some form of external object. My aim instead will be to incline them towards an appreciation of their role in maintaining, transforming and developing that topic; as would be the case if ethics education was formulated around structuration theory. My personal view, built upon the exploration of structuration theory, (Chapter 3.4.2 p.96) is that students' understanding of ethics would be enhanced by exposing them to the "dynamic and evolving" (Yuthas and Dillard 1999) nature of ethical structures and, to their own roles in the maintenance and potential transformation of those structures. That students have at least a view, is a good starting point in this process. Of course, as with Alan, unearthing those views is another matter. Maclagan's (1998) opinion, espoused by his dialogic mode, is that the most efficient way to elicit and develop such views is through non-threatening means; and by possible use of vignettes, which "can catch the interest of tired and unenthusiastic participants" (Maclagan 1998: 184). To be non-threatening, academic programmes would possibly have to adopt some form of non-summative approach employing 'dilemma discussion' rather than 'code learning' (Dellaportas (2006); although in the perpetual struggle for academic resources, this may be a challenge in itself (Lampe 1996).

The *complex nature* of ethics was expressed in terms of the difficulties associated with managing the topic: Bob said "…*handling moral dimension was always tricky, like juggling with mercury*"; whilst Diane said "*…loved it but could never get a handle on it*". The 'juggling with mercury' and 'get a handle on' metaphors appear to arise because accounting educators traditionally address ethics by applying extant codes to issues within a "framework grounded in teleological and/or deontological theories" (Yuthas and Dillard 1999: 339) which, as Bromell (2004) notes, produce rules which cannot be applied consistently in practice.[68] Despite Bob and Diane later having either 'none' or 'a little' difficulty in recognizing ethical

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[68] As implied in my research journey (Chapter 3.2 p.69), for many accounting students, not being able to find 'the right answers' would be one of their 'worst nightmares'.

dimensions, for an effective 'managing' of ethics it is essential that any educational programme in ethics makes the connections and vocabulary very clear.[69]

The *difficulty in recognizing* ethical dilemmas was reported in terms of knowing they were there but not being able to 'see' them. This occurred before university study helped to bring 'visibility' to the topic. Gordon said "*..came across moral dilemmas every day – only didn't realize that's what they were til I came to university*" ; whilst June said "*I suppose [came across ethics before its study in auditing module] but can't say when*". These comments reflect the value of ethics education in universities; at least in so far as recognizing a dilemma's ethical dimension is concerned. No student, including Gordon and June, reported having either 'great difficulty' or 'a lot' of difficulty in recognizing the ethical dimension to the dilemmas in the vignettes. This then echoes the opinion of Loe *et al.* (2000) in their survey of positivist decision-making research in the empirical accounting ethics literature, that accountants have no difficulty in recognizing the ethical dimension to dilemmas.

 Those who initially referred to ethics from a *personal perspective* did so by linking it to one's obligations as a member of society. This could be due to: personal preference, Chris said "*…always been interested in working for good of people and society*"; external influence, Les said " [an] *obligation to society [was] drilled in by* [previous employer]" or; family influence, Fran said "*…in* [family business] *you learn that being honest is your bond…*" , whilst Norman said "*…taught very strong moral values as children to be good people and earn (others) respect…*". This strongly reflects the views of those who believe that society awards the accounting profession the role of working in its best interests and that such an activity is the essence of professionalism (see, for example, West 1996; McPhail 2006). It is also a view embraced by the professional institutes; for example, 'ensuring accountants act in the public interest' is one ICAS's five policy objectives, one or more of which must be present for any

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[69] Clear vocabulary is one of the aims of the aforementioned NBS Ethics and Governance module (NBS 2009).

research funding application to be awarded.[70] It is not surprising that these participants had either only 'a little' or 'no' difficulty in recognizing ethical dimensions. Further, students who begin their accounting careers with such a strong sense of obligation are well on the way to satisfying the profession's requirement to be ethically competent professionals (Helliar and Bebbington 2004).

The *relative importance* of ethics to business was reflected on primarily from a negative perspective. Helen said "…*ethics is important as students but in the real world in business it's…your cash flow that is really important";* Ellie said "…*some see ethics as what others do…but you [can] always find a reason not to be ethical*"; whilst Irene said "*A lot of the time business can't afford ethics. They pretend nothing is really wrong and hope it'll go away – like someone not going to the doctor because they don't want to hear they've got cancer.*" These views reflect positivist studies which propose that the perceived importance of ethical issues affects behaviour (see, for example, Robin *et al.* 1996; Singhapakdi *et al.* 1996). They may also reflect a perceived binary division between business on the one hand and ethics on the other, rather than being inseparable. It would be a rather worrying scenario for the profession that, to justify acting unethically, one has simply to suggest that ethics is not important. However, one has to recognise ethics in the first place; and, again reflecting Loe *et al.* (2000) these participants reported no significant difficulty.

4.2.1.2 Recognition of the business related nature of dilemmas

Whilst all participants demonstrated either 'some', 'a little' or 'no' difficulty in recognizing the ethical nature of the vignettes' dilemmas, their views were much more inconsistent when asked for opinions concerning the business-related nature of the dilemmas, and whether they are likely to occur in practice. The following Figure 4.4 restates the Figure 4.3 section 'views reported after exposure to vignettes' to demonstrate the inconsistency. It shows that, amongst this group of participants, there was a tendency to opine that the likely occurrence

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[70] The other four ICAS policy objectives are: 'ensuring accountants act with ethics and integrity'; 'supporting principles rather than rules, and the exercise of professional judgment'; 'improving the effectiveness of regulation' and; 'improving the entrepreneurial environment'. This information was recounted to me at the ICAS Research Development Event March 2010.

of financial reporting irregularities was in the main 'extremely or very high', but that likely illegal act occurrence and cheating was in the main '50/50 or small'. This was a surprising finding for me as all participants were exposed during their accounting programme to the issues surrounding major corporate reporting scandals such as WorldCom, Enron and Parmalat; and all reporting scandals involved to a greater or lesser extent all three causes of the ethical dilemmas: financial reporting irregularity, illegal acts and cheating.[71] Having had little or no difficulty in recognizing the ethical nature of the dilemmas, I would then have expected all participants to report all three causes as having a 50/50 and upwards chance of occurring in practice.

Probability that dilemmas will occur in business	*Vignette name and cause of dilemma*		
	Faith Financial reporting irregularity	Simon Illegal act	Mary Cheating
	Participants		
Extremely high	June Les	Helen	Fran
Very high	Norman Chris Bob Fran Diane Gordon Ellie	Norman Chris Les Fran	Norman Gordon Les
50/50	Helen Alan	Diane Bob June Ellie Irene	Diane Ellie Irene
Small	Irene	Alan Gordon	Alan Bob June Chris Helen
None			

Figure 4.4   Participants' views concerning business-related nature of vignettes.

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[71] For instance, WorldCom involved the mis-statement of goodwill (financial reporting irregularity), illegal acts (auditors Arthur Andersen endorsed many of the accounting irregularities) and cheating (in Initial Public Offering auctions, small investors were not privileged with share allocations on the same basis as some large investors) (Moberg and Romar 2003)

These surprising findings, whilst not being an example of, parallel what is known as the 'Knobe effect'. The experimental philosopher, Joshua Knobe (2003: 190) would suggest that the findings may be due to the manner in which the dilemmas were phrased, and to whether participants considered the 'side-effect' of the decision to be good or bad (see Box 4.1). What he is questioning here is the concept of intentional action and whether the notions of 'good' or 'bad' consequences influence judgments concerning whether the action was intentional or not; this is a "major controversy" in philosophy and outwith this study. However, in that the phrasing of a dilemma may impact upon responses, Knobe's (2003) research does have a resonance for this study. In the vignette concerned with financial reporting irregularity, Faith presented information to another who was responsible for producing the action (falsifying statements); in the vignette concerned with illegal acts, Simon was asked to produce the action himself (shredding documents); whereas, in the vignette concerned with cheating, Mary was part of collectively producing the action (governors not returning money to donor). Hence the three vignettes concerned different actions and were phrased differently to that end. Accounting is traditionally taught from the perspective of providing a service to others, therefore participants, being students, were more likely to express familiarity with the Faith vignette than with either the Simon or Mary vignettes. The fact that all three occur in practice, and that all participants have knowledge of that fact, leads me to believe that their reports are likely to be reflecting a vision of their own likely career paths and future experiences rather than reports concerning the probability that such dilemmas will occur in practice. This was a salutary point for me and one which I intend to incorporate into my writing of vignettes in future.

A potential limitation in the above findings should be noted. Initial thoughts and responses were given during a brief period at the start of each interview.[72] Owing to the short period of time afforded to this activity, it is possible that participants may not have reported views they would have reported given more time for reflection. However, participant, and researcher,

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[72] A psychologist might have more to say on the value of 'first thoughts' but this is outwith this study.

reflection was accommodated by the siting of a more focused question later in the interview, and provision of an opportunity for students to amend, add or delete comments at the feedback sessions. It is unlikely therefore that the brief time given to initial thoughts undermines or weakens the findings.

Box 4.1[73]

The 'Knobe Effect'

Scenario 1   The CEO of a company has been asked to decide on a project which if implemented will produce good profits but will harm the environment. The CEO responds with 'I don't care at all about harming the environment. I just want to make as much profit as I can'. The project is given the go-ahead, profits are made and the environment is harmed.

Knobe presented this scenario to 39 random passers-by in a Manhattan Park. When asked 'Did the CEO intentionally harm the environment?' the vast majority (82%) answered 'yes'.

He then changed the scenario slightly so that the word 'harm' was changed to 'help' so that the scenario became:

Scenario 2   The CEO of a company has been asked to decide on a project which if implemented will produce good profits but will *help* the environment. The CEO responds with 'I don't care at all about *helping* the environment. I just want to make as much profit as I can'. The project is given the go-ahead, profits are made and the environment is *helped*.

Knobe presented this second scenario to a different group of 39 passers-by. When asked 'Did the CEO intentionally help the environment?' the vast majority (77%) answered 'no'.

Note: the CEO doesn't care whether the environment is harmed or not. He just wants to make a good profit. The difference in respondents' attitudes is therefore due to the way in which the question is phrased.

4.2.2   Research sub-question (RSQ) 1.2

Was any information missing? What else would participants have wanted to know about the dilemma?

As individuals move through a decision-making process they usually find that, if the solution is to be satisfactory to them, they require more information. Janis and Mann (1977: 71) refer to these additional situational factors as "antecedent conditions", which are "communication variables" communicated to the decision-maker by the likes of "the mass media, private counselors, representatives of reference groups etc". Content may include: information about the negative effects of changing direction or not changing direction; information from as yet untapped resources and; information concerning deadlines and time pressures to act (Janis and Mann 1977: 70). However, they also concede that many other situational factors,

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[73] This explanation is derived from Knobe's (2003) article in *Analysis.*

such as hyper vigilance caused by past experiences, personality variables concerning actors in the dilemma and the pre-dispositional characteristics of the decision-maker, may also function as antecedent conditions. Their work on conflict theory described decision process, and the consequent search for additional information, as being relevant to any environment in which there is conflict and choice (Janis and Mann 1977: 67). In terms of ethical decision-making specifically, McDevitt *et al.* (2007: 224) suggest such an information search could include "…further self-examination, reconsideration of the known circumstances, and exploration for new or updated information". Also, implied by Janis and Mann's (1977) reference to 'mass media', is the notion that such a search may also involve moving outside the organizational context. This search could therefore be multi-faceted and involve both internal and external factors (McDevitt *et al.* 2007; Loe *et al.* 2000).

Janis and Mann (1977: 71) consider the decision-making process to be "anchored in antecedent conditions". Similarly, McDevitt *et al.* (2007: 222) believe that the search for additional information "becomes more and more important" as the decision-maker moves through the process. Research question 1.2 therefore asked, 'Was any information missing? What else would participants have wanted to know about the dilemma?' Figure 4.5 shows the information gaps identified by participants and which in their opinion would be required to be filled before they could proceed to a decision.

It is important at this stage to relate the reports of missing information to the interview approach and to the interview questions which elicited those reports. The interviews followed a semi-structured style using questions categorized into Kohlberg's (1981) six stages of cognitive moral development. The aim here was not to *base* the questions in Kohlberg but to provide participants with a variety of perspectives from which to view the dilemmas. The six stages were grouped by Kohlberg into three levels:

Level 1: Focus is on self and the morality of conformity and of instrumental egoism. In other
                words, oriented towards obedience and punishment and self-interest; that is, 'I

mustn't do it because I'll be punished for it' and 'What's in it for me?' (*Stages 1 and 2*)

Level2: Focus is on relationships and the morality of interpersonal harmony and of the law and obligation to social order. In other words, oriented towards interpersonal accord and conformity; that is 'What will my peers think of me?' and 'I can't break the law because if I do it, everyone will want to do it.' (*Stages 3 and 4*)

Level 3: Focus is on personally held principles and the morality of consensus building processes and of non-voluntary social action. In other words, oriented towards social contracts and universal ethical principles; that is, 'We must change the law because it does not promote the common good' and 'I'm not going to obey the law because, coming to it with a 'blank slate', it's simply unjust'. (*Stages 5 and 6*)

Whether missing information *emanated* from levels 1, 2 or 3 was not of concern to this study[74]. The interview questions were used simply to ensure that participants' responses were kept within the parameters of the study. The study therefore sought to explore participants' complete decision-making processes and not the level they were at when making those decisions. In this respect it was the categories of missing information which emerged from the data which were of concern to the study. For example, Les reported that 'alternative course of action available' was missing from his consideration of the Simon vignette but he did not report that as missing from the other two vignettes.

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[74] Although it may be of interest to other research dealing specifically with students' cognitive moral developments.

Missing data	Bob			Diane			Gordon			Chris			Alan			Les			June			Fran			Helen			Norman			Ellie			Irene		
Case	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M	F	S	M
AC					√	√				√			√	√	√		√		√	√	√		√	√				√			√	√	√		√	√
CP	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
DA	√	√	√	√	√		√	√	√	√			√	√	√	√	√		√	√	√	√	√	√	√	√	√	√		√	√	√	√	√	√	√
II	√						√						√		√		√		√			√	√	√												
ID						√				√			√	√	√				√		√	√		√	√						√	√	√		√	
IP							√								√		√					√						√			√	√			√	
IV	√	√	√			√	√		√	√		√	√		√	√	√	√	√	√	√	√		√	√		√	√			√					√
RA		√		√				√														√													√	
RP		√											√	√		√					√	√	√	√		√			√					√		
VO	√	√	√	√			√		√		√		√	√				√	√			√					√	√	√	√	√	√		√	√	

Codes:

AC Alternative courses of action available.
CP Consequences of the unethical act for protagonist (future career, family, reputation).
DA Details re unethical act (technical, monetary value, legality, part of a much larger situation?).
ID Information concerning the decision: (Time to act? Does protagonist have to make a decision?).
II Information re instigator of the unethical act (motives, seniority in organisation, background).
IP Information about protagonist (degree of experience in the job, motivation for role).
IV Information re victims of the unethical act (their views, potential consequences for them, their number, general background).
RA Regularity of unethical act within the organisation.

RP Risk of publicity of the unethical act (chances of getting caught?)
VO Views of others (peers, family, friends, other colleagues, managers senior to instigator).

Vignettes:
F Faith: Financial statement manipulation by Faith's boss.
S Simon: Simon, an auditor is told to commit an illegal act by his boss.
M Mary: Mary, a voluntary school governor, witnesses an act of dishonesty by the other governors.

Missing information then was reported during participants' responses to the interview questions.[75] However, it was possible that participants may not have been able to 'think of anything at the time', therefore two further questions were asked; one asked participants to specifically identify any further information they would require as they proceeded to a decision and; the second asked them to outline the process itself, thereby ensuring they were given every opportunity to report such information. Interview transcripts, field notes and contact summary sheets were then scanned for examples and given the codes shown on Figure 4.5 under the heading 'missing data'. Figure 4.5 shows participants identified the following as missing from the vignette and necessary to their decision-making processes:

- Alternative courses of action available

- Consequences of the unethical act for protagonist (future career, family, reputation)

- Details re unethical act (technical, monetary value, legality, part of a much larger situation?)

- Information concerning the decision: (Time to act? Does protagonist have to make a decision?

- Information re instigator of the unethical act (motives, seniority in organisation, background)

- Information about protagonist (degree of experience in the job, motivation for role)

- Information re victims of the unethical act (their views, potential consequences for them, their number, general background)

- Regularity of unethical act within the organisation

- Risk of publicity of the unethical act (chances of getting caught?)

- Views of others (peers, family, friends, other colleagues, managers senior to instigator)

Whilst there is general agreement that such variables fall into one of two main categories, that is, 'individual' and 'situational' with situational being subdivided into job context, organizational context and external context (McDevitt *et al.* 2007), there is no agreement on

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[75] To recap, these questions are included at Appendix 4 p.236.

the potential range or importance of variables, whether individual or situational. For example, whereas Loe *et al.* (2000) report that the most commonly researched variable is gender, pointing to its possible importance to decision-making as an individual variable, gender was not mentioned at all by this study's participants. As suggested by Knobe (2003), the way in which an ethical problem is phrased may affect an individual's response; so the list of potential variables could be indeterminate. The list produced from participants' reports is quite extensive and includes many possible sub-codes. For example in Figure 4.5, the 'others' in the category 'views of others' included peers, family, friends, colleagues, and managers senior to the dilemma's instigator. Figure 4.5 also shows that every participant would require further information before proceeding to a decision and that no two participants would require the same information set. Also, some participants, for example Alan and Fran, would require a lot more information than others, for example Chris.[76] Further, some types of additional information may be always required, for example the consequences of the unethical act, whilst others may be less common, for example the regularity of the unethical act.[77] This finding points to the possibility of an intriguing relationship between ethical stance and data need. For example, Alan and Fran, who both required more information, reported consistent principle based ethical stances across all three vignettes (see Figure 4.17), whereas Chris, who reported requiring less information, reported inconsistently across vignettes.

The finding concerning data need is possibly the result of using short vignettes, which Bain (1994) refers to as being a useful way of encouraging individuals to amplify the dilemma and thereby search for solutions. As the study sought to explore participants' decision-making processes rather than the content of those processes, the study did not take this issue any further; although the volume of positivist research in this area, demonstrates that content is clearly of importance. The main contribution of this finding then has been to establish the importance of searching for additional information to the decision making process.

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[76] No implication is being made here about the relative value of the information sets.
[77] No implication is being made here about their relative importance.

4.2.3 Research sub-question (RSQ) 1.3

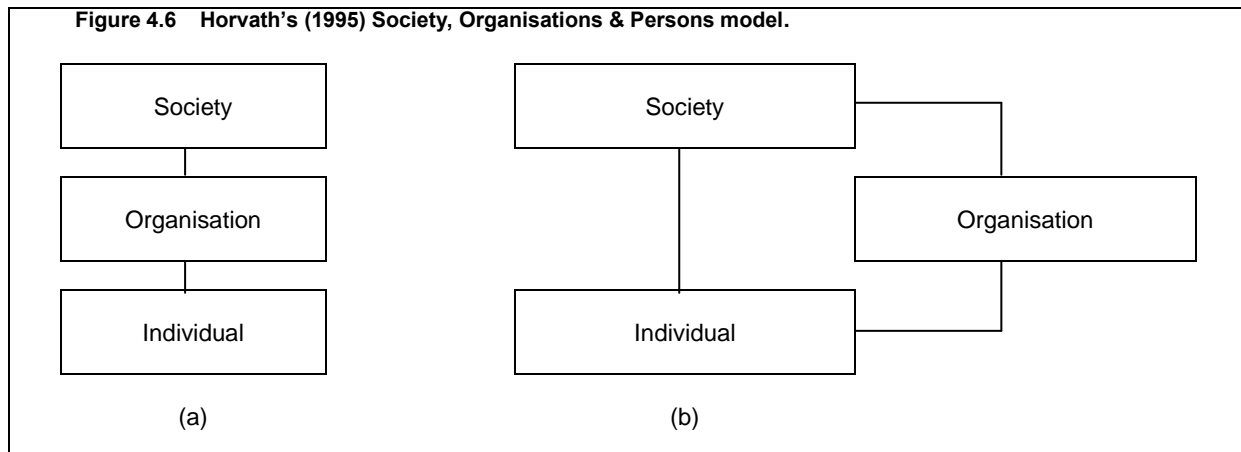*Who else would be involved in the decision?*

As noted in the section above, situational factors, that is, antecedent conditions involving a search for missing information, are crucial to the decision-making process; and one of the common responses to research question 1.2 was that missing from the vignettes, and required for the decision-making process, are the 'views of others'. RSQ 1.3 asked specifically 'Who else would be involved in the decision?' and thereby involved just such missing information. This question then focused on situational factors and explored, within the specific context of the vignettes, just who those 'others' were.

As shown by participants' responses (Figure 4.5) the 'views of others' group includes family, friends, peers and colleagues, and other more senior members of the organisation (hereafter referred to as 'seniors'). They are referred to generally in ethics research as 'significant others' and may exist in a job/organisation context (peers and colleagues and seniors) and/or in an environment external to the organisation (family, friends, peers). Research into the influence of significant others has mainly been carried out in a job/organisation context (see, for example, Grover and Hui 1994; Soutar *et al.* 1994), although it is clear from participants' responses that others external to the organisation also exert an influence. This latter finding parallels McDevitt and Van Hise (2002), who also found that both contexts were present in the ethical decision-making processes of accountants.[78] These participants' responses then, in their totality, support much of the business ethics literature which suggests that individuals have not only organisational roles but direct social roles. They therefore reflected the views of, for example, Horvath (1995: 521) who, drawing on MacIntyre (1984) and virtue ethics, suggests that, rather than there existing a deterministic relationship between individual, organisation and society the relationship is more complex so that an individual is "also a citizen, with direct responsibilities to both communities", that is, organisation and society. In the deterministic mode of Horvath's model (Figure 4.6a), the

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[78] They refer to the job/organisation context as a 'job-related network' and the external context as a 'societal network' (McDevitt and Van Hise 2002: 272).

individual would identify mainly with the organisation, as did some participants.[79] The

organisation then in turn would have a role within society. Horvath (1995: 521) believes this

model is how many texts on business ethics often present such issues. It is therefore no

surprise that some participants identify mainly with this model.

Figure 4.6   Horvath's (1995) Society, Organisations & Persons model.

Society	Society
Organisation	Organisation
Individual	Individual
(a)	(b)

Horvath (1995) further suggests this method of presenting ethical issues narrows the study

of ethics to an organisational context and to the organisation's social roles, so that the

personal ethical conflicts an individual faces are not addressed. In contrary fashion, the more

complex mode of the model (Figure 4.6b) suggests that the individual has a dual role and

must evaluate not only the organisation's role in society but also "his/her own role within the

organisation in terms of his/her social role" (p.522). Horvath's (1995) notion that an

individual's social role brings into play influences from his/her external 'societal network', is a

notion later reflected in Maclagan's (1998: 48) work with the development of his 'dialogic

mode' which takes into account "social interaction, conversation and language".[80]

4.2.3.1 Job/organisational context

Significant others within a job/organisational context can exert an important influence on the

ethical decision-making of accountants (Loe *et al.* 2002). Job context is often studied in

relation to peer pressure and management expectations (see, for example, Stead *et al.*

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[79] See 'no comments' in Figure 4.9. These participants did not recognise their external 'societal' role.
[80] Maclagan's (1998) dialogic and judgmental modes were discussed at Chapter 2.8 p.50.

1990); whereas organisational context is multi-faceted and studies include, *inter alia,* ethical choices influenced by formal and informal ethical codes (for example, McCabe *et al.* 1996); the impact of obedience to authority and the consequences of accepting responsibility for actions (see, for example, Trevino 2003) and the impact of reward systems on ethical/unethical action (Carson 2003). The multi-faceted nature of these contexts requires that they be managed; and the management of such relationships within a working environment may be of great importance to both the individual and to the organisation (Grover and Hui 1994; Soutar *et al.* 1994).

All participants referred to the impact of the views of peers and/or colleagues on their decision-making processes, albeit to varying extents and within different contexts. Figure 4.7 is a typology of participants' comments and shows that only one participant, Norman, reported that it was not necessary to know the views of seniors. Participants' reported views are shown in their totality in Figure 4.8. Views are ordered first by participant and then by vignette. They are then categorised as referring to peers, general colleagues or other specific members of the organisation. As noted earlier, much of the empirical ethics literature (see, for example, Loe *et al.* 2002; McDevitt and Hise 2002) shows that the views of peers and colleagues and seniors inform and greatly influence an accounting student's ethical decision-making process. This study supports that literature in so far as the importance of considering the views of peers and colleagues is concerned but veers away from it by participants' reports that, in the interests of acting independently and/or with principle, those views should make no difference at all to their decisions. Table 4.1 shows example quotes taken from Figure 4.8.

Bob	*"What other governors [ie peers] think about her makes (should make) no difference to Mary"*
Diane	*"Take the advice [from peers] on board and discuss the consequences [but] their approval doesn't matter"*
Gordon	*"It [peers' views] shouldn't have an effect on her"*
Chris	*"no big deal if she refused to do what the other governors want"*
Alan	*"I would not go there...not peer pressure"*
Les	*"I think it doesn't make a difference [what peers think]"*
June	*"Being fair comes before being part of a crowd"*
Fran	*"She shouldn't be bothered about what others think"*
Helen	*"[views of peers] don't think it would make a difference"*
Norman	*"What his peers think doesn't matter"*
Ellie	*"[peers' views] should not affect what Mary believes"*
Irene	*"She shouldn't [go along with peers' views]because it's unprofessional"*

Table 4.1   Participants' responses concerning importance of views of peers and colleagues.

However, reflecting the empirical ethics literature and in addition to their recognition of the need to act independently or with principle, participants also referred to the difficulty of doing so when faced with peer and colleague pressure. This was reported by participants as being either due to the perceived importance of consensus or to self-interest. Table 4.2 shows the reports of participants who reported a view.

Bob	"in the real world, she'd probably go along with the governors [peers]"
Chris	"Doesn't matter what colleagues think... [but if she may lose her job] probably go along with the rest"
Fran	"peer pressure is not significant unless you are a trainee"
Helen	"why should Simon do other thing [that is, go against the crowd]"
Norman	"She wouldn't want to be seen as the only one"
Ellie	"She probably wouldn't want to appear to be isolated in the firm"
Irene Diane Gordon Alan Les June	No views reported

Table 4.2   Participants' responses concerning their difficulty in disagreeing with peers and colleagues.

As shown by Figure 4.5 above, the views of significant others would be sought by all participants. However, some participants then reported (see Figure 4.7) that those views

would be used either simply to check facts and/or give background guidance. This finding appears, at first sight, to be at odds with their 'great influence' (Loe *et al.* 2000) found in much of the empirical ethics literature. However, in keeping with that literature, this action may be dependent upon the level of the individual's work experience. Gordon for instance reported that with more experience he would be more likely to commit an unethical act: "*in a year's time, I'll probably say go for it*" (Figure 4.8 2/5). Chris took the opposite view that he would be more likely to commit an unethical act if he was less experienced: "*if he was new to the job then he might go along with others*" (Figure 4.8 2/5); Fran agreed with Chris: "*peer pressure is not significant unless you are a trainee*" (Figure 4.8 3/5).

The above findings show that participants recognised the role of independence and principled-action to ethical decision-making and to their being accountants. However, their perceived difficulty in facing up to peer and colleague and seniors' pressure, especially if inexperienced, suggests there is a need to introduce into curricula modes of teaching which reflect Maclagan's (1998: 48) dialogic mode. Following the dialogic mode, students would not enter the judgmental mode until they have engaged with "a process of social interaction, conversation and language", that is, dialogue.[81] Students would be taught and encouraged to engage in an examination and discussion of the issues. The dialogic mode would involve "open-mindedness, initial opinions held by others, invitation to others to consider alternative views and the mutual search for appropriate action" (p.49).

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[81] The judgmental mode is the one by which students would arrive at an acceptable way forward and parallels the way in which business and accounting ethics is traditionally taught.

Figure 4.7 Typology of participants' views re significant others in a job/organisational context.

Peers and colleagues						Other members of the organisation (seniors)	
Participant:	What peers and colleagues think should make no difference because:	In real world would find difficulty in disagreeing with peers because:	Peers and colleagues views only used to:	More likely to accept peers' views if more experienced because:	More likely to accept peers views if less experienced because:	Need to know senior persons' views because:	Do not need to know senior persons' views because:
Bob	IND	IC				F/NG	
Diane	IND/P		F/NG			F	
Gordon	P		NG	IC		F/NG	
Chris	IND/P	SI			IC	SI/P	
Alan	IND/P					P/SI	
Les	P					F/P	
June	IND/P		F			P	
Fran	IND/P	IC	F		IC	SI/INEX	
Helen	IND	IC				SI	
Norman	P	SI	NG				P
Ellie	P	IC	F/NG			INEX	
Irene	P					NG	

Legend (reasons for/for not considering views) :
F: check facts P: need to act with principle
IC: importance of consensus SI: out of self-interest
IND: act independently
INEX: inexperience
NG: need for guidance

Figure 4.8   Totality of participants' views re significant others in a job/organizational context.

Participant	Vignette	Peers	General Colleagues	Specific members of the organisation
Bob	Faith		Doesn't matter whether it's a colleague or a boss if you disagree with them (85) [IND]	[need to know] the boss' motive for purposeful manipulation of the profit Figure (132) [F]
	Simon		Ignore [colleagues] as they won't have a say in [your] future prospects. (213) [NRI]	Ask the audit manager if he remembers Enron, and the impact it had on Arthur Andersen (279) [WC]
				If the audit manager persisted that I shred the documents, I would say no and speak to someone else within the firm for some guidance on how to deal with this matter. (292) [NG]
	Mary	What other governors think about her makes (should make) no difference to Mary (351) [IND/P]		
		[a good cause may be more important than principle] if everyone agrees it is (372) [IC]		
		in the real world, she'd probably go along with the governors [although Bob wouldn't personally] (397) [IC]		
Diane	Faith	She's a duty to act properly [what others think wouldn't matter] (111) (IND)	she still must take care when challenging others' decisions (102) [as] must still check her facts (105) [F]	
			ask a colleague to check. This will remove major doubts [ie colleagues good for checking facts] (186) [NG]	
	Simon	Take the advice on board and discuss the consequences (261) [but] their approval doesn't matter (266) [IND]		Discuss with his boss again his concerns with shredding the documents [to] find out what his options are if he goes against the boss (340) [F]
	Mary	Mary may find it difficult to make up her own mind when so many others are trying to encourage her to ignore the error [but] keeping friendly with the governors isn't important (399-407) [P]		

Figure 4.8 (cont)   Totality of participants' views re 'significant others' in a job/organizational context

Gordon	Faith	Contradict them (155) [SI]	if it was me. I would ask people, just get other peoples opinion in what they think (192) [NG]	[views of boss] I don't think it should have an impact on a decision (10) but definitely mention again whatever information she's found, and see what his reaction is (49) [NG] she should go back to the boss and ask why he's omitted her information (296) [F]
	Simon	he shouldn't shred the documents even if his co-workers say he should (475) [INEX] [but] in a year's time, I'll probably say go for it (480) [IC]		I'd probably go to the audit manager, and I'd say, oh what's going to happen to me if I don't shred these documents? (638) [NG]
	Mary	It shouldn't have an effect on her (717) [IND/P] [but] if all the other governors are saying you shouldn't give it back, then she might be convinced that it's the right thing to do (732) [IC]		
Chris	Faith		If it's wrong, it's wrong. Doesn't matter what colleagues think (92) [IND/P] [but if she may lose her job] probably go along with the rest (96) [SI]	Her career is dependent on her boss (52) [SI]
	Simon		He shouldn't listen to [them]. It's an illegal act so no matter what others think (242) [IND/P] [but] if he was new to the job then he might go along with others [INEX/IC]	it's best to act in accordance with his supervisors (297) [if not illegal] [SI] [but if illegal] should not follow supervisors (298) [P]
	Mary	no big deal if she refused to do what the other governors want (322) [P] It shouldn't make any difference to Mary of what other people think of her. She has to do the right thing despite of what other people think. (351) [P]		
Alan	Faith	because they're at the same level everyones entitled to the same opinion, and...everyone's opinion has the same level of importance (139) [IND/P]		[Boss' views important] because the fact is that it's your boss (7) [SI] [but] she has a duty to act as a qualified should act (25) [that is, ignore him] [P]
	Simon	I would not go there..not peer pressure. You don't do something cos everyone else does – otherwise we'd all be man u supporters or worse Chelsea... You do it because you think it's the right thing to do – be professional and that...(533) [P]		

Les	Faith	[peers not important] explain why that is wrong, and try to change it. (98) [P]		I should advise her to stick to her own thoughts (34) [not listen to boss] [IND]
	Simon			If a colleague said to him...to shred the documents...he should first go to ask a manager or should ask and discuss with his boss why this is happening (552) [F]somebody else, and say what happened, and get the answer from a manager (435) [P]
	Mary	I think it doesn't make a difference [what peers think] (752) [P]		
June	Faith	Doesn't matter. Being fair comes before being part of a crowd (87) [P]	discuss with her colleague on the implication[s] (152) [F]	if another manager agrees with her hiding the truth she should do so despite what she feels is right (109) [P] [this is assuming it becomes acceptable to hide the truth]
	Simon		should ask the fellow worker for a reason (192) [IC]	
	Mary	Following the crowd doesn't mean that you can change the fact, Mary will instead be a coward to follow what the governors believe (323) [IND]		
Fran	Faith	(Memo: strong sense that peer pressure is not significant unless you are a trainee. If you're not you must be professional "independent and honest") (132) [INEX]	Talk to colleagues. What do they think? (235) [NG]	the boss may be acting with self interest. It shouldn't impact on the decision (54) [P] [but]] If she was new, and no-one would find out, she'd go along with it because she'd not know any better. [INEX] She wouldn't want to upset the boss because she might lose her job. [SI] If people are going to find out, she'd have to act with integrity [P] (60)
	Simon		Ignore them. This shouldn't influence his decision (316) [P] Discuss with others on the team. If they have noticed. Would it just be him challenging? (365) [IC]	
	Mary	She shouldn't be bothered about what others think (487) [P]		

Figure 4.8 (cont)   Totality of participants' views re 'significant others' in a job/organizational context

Helen	Faith		you should listen to your colleagues as well, like what they are saying as well...on issues...like listen to them as well. You should make one decision. (81) [IC] she should talk with her boss and her colleagues...like "what's going on, and how can we solve it?" So whatever the common conclusion...they should go with that (220) [IC]	If boss is wrong you tell her but if she want go ahead and ignore Faith then Faith should just do it and be quiet. (24) [SI]
	Simon	[views of peers] don't think it would make a difference (400) if all think it is thing to do, um....it's ok... why should Simon do other thing (408) [IC]		
	Mary	She should do what the governors say to do (691) they decide as one and do thing they all agree to do (709) [IC]		
Norman	Faith		She wouldn't want to be seen as the only one. [IC]That doesn't mean to say it's right. It's obviously wrong. If she's qualified it's her task to act honest as a member of the profession. [P] She would find it difficult. It's human nature not to want to stand out. There is a difference between what she'd do, especially if she was new [INEX], and what she *should* do. She *should* refuse to do what others want. If she finds it difficult she should ask someone – a senior manager, or write to the institute. But as it's the other colleague's responsibility, she would probably keep quiet. [SI] I wouldn't be able to. [P] (141-149)	[boss' views make no difference] She should do what's right in the circumstances (59) [P]
	Simon	What his peers think doesn't matter (297) [P]		[going against boss' views] being sacked is not as important as my future career (247) [P]
	Mary	[care what peers think?] Yes – but she shouldn't be forced to do what they want (454) [P]		

Ellie	Faith	The opinion of the others in the group (154) [NG]	She probably wouldn't want to appear to be isolated in the firm (89) [IC] [but] in practice the professional thing to do is be honest and tell someone (97) [P]	[challenge the boss' views?] if an accounting trainee, she'd probably go with him and stay quiet [INEX] The jobs aren't easy to get these days.[SI] If she was qualified then she'd have to do something [P] (60)
	Simon		He should not be influenced by a fellow worker (211) [P] [although] the opinion of fellow colleague (273) [is important] [NG/F]	[importance of boss' views?]If he had just joined, it's hard enough to find training contracts, so he'd do as he's told...he'd know no better...he shouldn't because he must have heard about Arthur Andersen...unless he's been living on the moon....[INEX] If he was more experienced then I doubt he'd go along with the manager because he'd know it's against the ethics codes [P] (186-190)
	Mary	This will have an influence, but should not affect what Mary believes. For this reason, she should follow what she believes in (331) [P]		
Irene	Faith	Probably, I'd do the professional thing (125) [ie ignore peers] [P]		[should boss' views affect decision?] It wouldn't look right to potential employers [to whistle blow]. You'd be seen as a grass and not to be trusted with confidential information. [SI] That's not to say that's what should happen. What should happen is that Faith should leave and report it to the institute. [P] But that's not how it works in the world of business. It's cutthroat (62-65)
	Simon			Try speaking to his company NED Senior manager (228) to get advice (232) [NG]
	Mary	[go along with peers' views?] She shouldn't because it's unprofessional (336) [P]		

Legend (reasons for/for not considering views) :

DEV:	development of profession	NRI:	no real influence
F:	to check facts	P:	professional
IC:	importance of consensus	SI:	self interest
IND:	act independently	WC:	warning as to conduct
IND/P:	act independently and principled		
INEX:	inexperience		Numbers in brackets refer to line numbers on
NG:	need for guidance		interview extracts.

4.2.3.2 Environment external to the organisation

Individual factors, external to the organisation and which influence ethical decision-making, such as awareness of ethical issues[82], moral philosophy, gender, age, education and work experience[83] and nationality, have been the subject of much empirical ethics research (Loe *et al.* 2000). However, there appears to be relatively little research into those factors identified by some participants as influencing their ethical decisions, that is, external peers[84], family and friends. Those few authors who have referred to such influences (see, for example, McDevitt and Van Hise 2002; Sims and Gegez 2004) believe they can greatly influence an individual's decisions. These influences are of course unique to each individual.

Obligations to external peers, family and friends exist outside the organisation. Figure 4.9 shows relevant participants' reports in their entirety. Les mentioned friends and Helen mentioned family; whilst others mentioned heterogeneous groups of influences: external peers and family (Les); family and friends (Gordon); family, friends and external peers (June). Other participants did not mention external societal influences. It is possible however that these influences are taken for granted by participants and would not be mentioned as a specific influence on their decision-making. Due to their perceived importance, it is therefore necessary that the teaching of ethics does not exclude these from the decision-making process. External influences may of course be sensitive to the student and would have to be handled with care. However a teaching approach which encourages students to bring such influences 'to the table', possibly by asking them to report by 'initial views', would parallel Maclagan's (1998) dialogic mode. As reported by Maclagan (1998: 48) "an approach to managerial ethics which takes account of social interaction...is a necessary supplement to the judgmental mode..."

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[82] Awareness of ethical issues was the subject of research sub-question 1.1. See Section 4.2.1 p.123.
[83] Participants' reports on level of work experience emerged from the data at Section 4.2.3.1p.140 in the context of its impact relative to peer pressure.
[84] 'External peers' refers to fellow professionals outside of the organisation.

Figure 4.9   Participants' views re significant others in a 'societal' or 'environment external to the organisation' context.

Participant	Vignette	External Peers	Family	Friends
Bob	Simon	If you just follow rules and listen to other accountants things would never change and as you [me] keep saying, that's what employers are looking for (208) [DEV]	Dad says accountants should act and keep to rules (198) [disagrees with dad] [DEV]	
Gordon	Faith		I probably would ask some family or friends what they would do (191) [NG] get opinions off other people, like friends and family, see what they'd do in the situation (319) [NG]	
Les	Simon			Ask friends (597) [NG]
June	Simon		Look at all the results (consequences) and decide whether it's right for family, friends, the profession, whatever (192) (NG, DEV)	
Helen	Simon		I would ask for help from my family (388) [NG]	
Diane Norman Chris Alan Fran Ellie Irene	No comments			
	Legend (reasons for/for not considering views) : DEV: development of profession NG: need for guidance		Numbers in brackets refer to line numbers on interview extracts.	

4.2.4 Research sub-question (RSQ) 1.4

What other factors would influence the decision?

This research question was posed in part exploration of the third ethical trait required of professional accountants: 'recognition of ethical obligations'.[85] Figure 4.10 shows the list of descriptive/interpretive inductive codes created in order to explore RSQ 1.4: 'What other factors would influence the decision? How would the dilemma impact on the student?' Interview transcripts were scanned line-by-line and annotated with appropriate codes at the point 'other factors' emerged. Following an iterative process of code expansion and collapse, four second-order categories of obligation emerged as being reported by participants; that is: obligations towards education, professionalism, power and responsibility for the action. Figure 4.11 shows a list of code definitions used during data analysis to ensure transcripts were appropriately coded and segments of text were entered onto data synthesis cards in a consistent manner.

Figure 4.10   List of Codes relevant to research sub-question 1.4.

General category and individual hierarchical codes				Codes
Other factors				OF
First order	*Second order*	*Third order*	*Fourth order*	
OF	Education			OF-Ed
	Professionalism			OF-P
		business		OF-Bus
		change codes		OF-P/CC
			perseverance	OF-P/CC/Pers
		honesty		OF-P/Hon
			faith	OF-P/Hon/F
		institute		OF-P/Ins
		investors		OF-P/Inv
		legislation		OF-P/Leg
		reputation		OF-P/Rep
		remuneration		OF-P/Rem
		rules		OF-P/Rules
			avoid conflict	OF-P/Rules/AC
			bend them	OF-P/Rules/B
		society		OF-P/S
		users		OF-P/U
			shareholders	OF-P/U/S
		virtue		OF-P/V
			codes	OF-P/V/C
			independence, integrity	OF-P/V/II
			truth	OF-P/V/T
	Power			OF-Pow

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[85] The five ethical traits were addressed in Chapter 2.8 p.51. The interrelation of traits, research questions and Maclagan's dialogic and judgmental modes was addressed at Figure 3.4 p.79.

	Responsibility	OF-Resp

Figure 4.11   Code definitions: other factors.

Definition of codes developed inductively in response to research question 1.4

Hierarchy of codes				*Code definitions*
OF				What other factors would influence the decision? How would the dilemma impact on the student?
	OF-Ed			There is a need to teach people how to be professional.
	OF-P			Students reported the need to act with professionalism.
		OF-P/Bus		A professional's job is to work for the good of the business.
		OF-P/CC		A professional must work to change standards and codes if they're wrong.
			OF-P/CC/Pers	Perseverance is needed if change is to be made.
		OF-P/Hon		Honesty is important to a professional.
			OF-P/H/F	Having honesty means others are able to put faith in you and in what you say.
		OF-P/Ins		A professional has a duty to act in accordance with his/her institute's wishes.
		OF-P/Inv		A professional will do what is best for investors.
		OF-P/Leg		Professionals must never do anything illegal
		OF-P/Rem		Whether employment is unremunerated or not may make a difference.
		OF-P/Rep		Having a good reputation is important to a professional
		OF-P/Rules		Professionals should follow the rules.
			OF-P/Rules/AC	Rules would be followed to avoid conflict.
			OF-P/Rules/B	Where rules can't be followed to the letter they are bent a little.
		OF-P/S		Professionals have a duty to protect society from harm.
		OF-P/U		A professional will do what is best for users
			OF-P/U/S	The users are the shareholders.
		OF-P/V		Acting professionally means acting with virtue
			OF-P/V/C	Where ethical codes are not similar to virtuous action, virtue is paramount.
			OF-P/V/II	Virtue means acting with integrity and independence
			OF-P/V/T	Professionalism means being seen to be telling the truth.
	OF-Pow			May feel powerless to act
	OF-Resp			Whether you are responsible for the unethical act you witness may make a difference to your decision as to how to then proceed.

The research question was posed in response to findings in the theoretical and empirical

literature that individuals, including accountants, in organisations face moral issues as well

as moral dilemmas (Toffler 1991), and that the distinction between the two was important (Maclagan 1998). Issues can be understood in terms of particular moral concerns which may hold a particular significance for the individual and about which he/she may have a particular view or towards which they hold a sense of obligation. For instance, the right to be dealt with as an equal and to have a voice when decisions are made, and the threat to that right when dealing with work colleagues, is a moral issue; they are not necessarily moral dilemmas. Dilemmas arise when the handling of that particular issue brings it into conflict with other moral issues, such as those concerned with hierarchical management structures; or when it requires that an individual must make a choice from within the same broad concern, such as the need for consensus decision-making (Toffler 1991). Whilst ethics education and management programmes devote a great deal of space to the resolution of ethical dilemmas, much less is devoted to the recognition and discussion of moral issues (Maclagan 1998: 42). This research question then sought to explore participants' reporting of these moral issues. There was clearly an overlap here with RSQs1.1 – 1.3 which concerned those ethical traits required of a professional accountant involving an overall 'apprehension of ethical dimension' and an overall 'apprehension of salient features of the dilemma'.[86] However, RSQ 1.4 was more specifically concerned with any other factors which may affect participants' decision-making, particularly any issues they viewed as ethical obligations. The issues reported by participants were structural in nature, that is, concerning "the context within which the individual is embedded" (McPhail and Walters 2009: 28). They are presented below in the order in which they are listed in Figure 4.10.

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[86] To recap, RSQ 1.1 concerned participants' recognition of the ethically-charged and business-related nature of the dilemmas. RSQs 1.2 and 1.3 concerned situational factors in the decision-making process, that is, missing information and involvement of others.

4.2.4.1 Education

The educational issues reported concerned cognitive processes, alternative decision processes and whistleblowing.[87] Participants reported that their ability to make good decisions would be enhanced by an increased emphasis on these issues in schools and universities. They also reported an obligation to such education.

Diane reported her belief that the unethical actions of professionals, such as certain Arthur Andersen employees, were caused by poor education. She believed that education had failed to develop cognitive processes: "*they probably hadn't been trained properly*" and "*we should be taught to think ethically, and* be *ethical, not just follow rules*".[88] This was supported by Bob who reported that "*people need to be taught if necessary how to think as a professional*". Norman extended the role of education to one of encouraging virtue: "*university education should teach us all to be honourable in what we do as accountants. That's how we get respect from people…Should start much earlier in schools and then in universities in courses like [lecturer X's] audit module*". This need for appropriate training was supported by Irene who suggested it should include an examination of the proposal that following rules does not necessarily result in ethical action: "*most students think all you have to do is learn the rules or codes and you can be ethical. It's not like that. You have to* be *ethical. Which means something different*".

The view that education should involve an examination of *being* ethical as well as an examination of ethical codes and rules, was proposed by Diane who reported that more emphasis should be placed on alternative decision-making processes. This, she suggested, would result in better training and would involve "*better ethics classes in schools and universities – where they [students] are introduced to the clash between rules and principles*".

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[87] Whistleblowing refers to the profession's complaint-based enforcement system where members of a company, or organisation or the profession are encouraged to report misdemeanours (McPhail and Walters 2009).
[88] For a fuller explanation of the Arthur Andersen case, which involved the alleged shredding of documents and financial reporting malpractice see Reinstein and McMillan (2004).

Whistleblowing and its implications for the whistleblower have been the topic of much recent research and investigation post Enron (McPhail and Walters 2009: 145). In 2007 the UK's accountancy bodies introduced a new rule which requires, on pain of a professional misconduct charge, that all members 'blow the whistle' on any other member who they feel may be liable to disciplinary action. It is clear from participants' reports that there is genuine concern that if they take up that particular mantle they'll be left 'out in the cold' as suggested by Christodoulou (2010). Participants also suggested that appropriate education could be part of the solution. Alan reported that "*no-one ever does spill…perhaps they need more teaching…about how to tough it out*" and Irene reported that "*attitudes towards whistleblowers starts with training, probably even going back to the home. But in universities students need to be taught the value of acting in the right way…with a sense of respect for others and for telling the truth and not bending the rules when it suits*".

Participants then, expressed a concern for their perceived moral behaviour. Their apparent desire for more appropriate teaching and training is to be welcomed, particularly since some studies suggest accounting students become less ethical as their accounting education progresses (McCabe *et al.* 1991; Gray *et al.* 1994).[89] Even those studies which suggest students become *more* ethical, find that this is due to their overall maturation rather than their exposure to ethics education in their degree programmes (Davis and Welton 1991). As discussed later in Section 4.3, participants tended to take a principles-based approach to decision-making rather than a rules-based approach, which would suggest a higher level of moral development; however, as an educator, the finding that accounting education may have a negative effect on students' ethical development is worrying. The prospect is that a student's poor ethical 'performance' could be due to the nature of his/her ethics education; a concern which continues to worry some authors (see, for example, Williams 2004[a]; Beggs and Dean 2006), some of whom believe that such education is failing to develop the ethical competencies required to tackle the complex issues now being faced in the world of

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[89] This raises the question of how we should conceptualise improvement. It is an important question and one which should concern educators. Nevertheless it is outwith this study.

business (see for example Low *et al.* 2008). That students are aware of this failing in their education and their apprehension of the need for the curriculum to be amended accordingly, should be a warning shot to educators the world over.

4.2.4.2 Professionalism

Each participant reported that his/her view of professionalism was a significant factor in his/her decision-making. Whilst consensus on a general set of characteristics which would define what it is to 'be professional' has remained elusive (McPhail and Walters 2009), participants reported overwhelmingly that, in their view, it generally concerned the visibility of his/her ethical behaviour and actions, that is, they felt they had a duty to demonstrate such professionalism. This view was encapsulated by Fran who reported that being professional means "*you don't indulge in acting like professionals whilst thinking like unprofessionals*". In this context, Simon suggested a similarity with other professions; going so far as to suggest punishment for any transgressors: "*a professional is like a doctor, you expect him to have certain ethics and act responsibly. If he doesn't then he's not acting professionally and shouldn't be allowed to practice...the accounting profession needs to be cleaned up so only those who* are *professional can practice*". Others reported that 'being professional' meant "*doing what is right*" (Bob) or "*they have to have principles*" (Chris) or having "*high moral standards*" (June) to such an extent that one's own interest should equate with what it means to be professional: "*a professional's own interest is what she must do as a qualified accountant. She must act honourably*" (Fran).

The degree of participants' consensus outlined above, together with the finding that this consensus concerns one aspect, visibility, implies that participants construed a 'profession' as a body of individuals who hold a common set of beliefs and that there is an agreed view about how to promote those beliefs within the wider society. Figure 4.10 shows a number of third order codes which were further analysed into categories representing participants' common beliefs in terms of individual attitudes towards:

- enforceable codes of conduct,

- ethical attributes of a professional, and

- public interest.

Promotion of those beliefs was characterised by individual attitudes towards:

- the professional institutes, and

- reputation.

The above five characteristics, towards which participants reported attitudes, are resonant with the structural characteristics of a profession and the attitudinal characteristics of a professional identified by McPhail (2006) in his review of the relevant literature, that is, structural elements, which concern professional associations and their disciplinary procedures, codes of conduct and regulation and: attitudinal elements, which concern ethical attributes such as independence, the public interest and shared beliefs such as the value of a good reputation.[90]

Participants' views that a code of ethical conduct is a key characteristic of a profession and can constitute either explicitly enforceable rules or broadly implicit and aspirational codes which represent the attributes of a professional, reflect the findings of Claypool *et al.* (1990). These will be discussed individually.

Enforceable codes of conduct

Fran reflected the importance of professional rules to some when reporting that "*codes of conduct are very important to an auditor. He lives by them [in that] the Institute is given a kind of warrant by [society] and the institute therefore expects anyone who's qualified to abide by [its rules]".* Other participants reported a similar view but suggested that, rather than follow rules blindly, there is a need for a professional to be able and willing to change those rules if necessary. Fran alluded to this when following up her previous comment by

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[90] A further attitudinal element identified by McPhail (2006), knowledge base, was discussed in the previous section 'Education'.

suggesting that "*conscience…[and] institutes' codes…should both point in the same direction.*" Interestingly, participants viewed the need for change in terms of whether professional rules were 'wrong' rather than the more judgmental view of whether they were inappropriate. This finding is perhaps a throwback to their accounting studies and perhaps supports the previously discussed view that the teaching of accounting in terms of right and wrong actions has a consequential effect on some students' ethical development. Table 4.3 summarises the views of these participants:

Table 4.3 Participants' reports of other factors - professional – change codes .   Coded: 'OF-P/CC'[91]

Bob	"Be independent and follow…codes…but…must work to change them if they're wrong."
Diane	If he thinks practice is wrong "he should follow it but work to change it. That's what professional auditors should do."
	If Simon thought an IASB rule was wrong "he should work to change it"
Chris	"follow the rules, if she agrees with them…so long as it's what's right"
June	"a professional [follows rules] but I suppose using her judgment she might not always, because sometimes codes might be wrong…then have to go with conscience"
Fran	A professional should follow the rules no matter what "unless the rules are plainly wrong in which case she should try to change them"
Norman	"laws are made by humans. So they can be wrong. So can the Institute's codes because they're made by members. So if they're wrong, it's up to the qualified to get them changed somehow."
	Institute and personal codes should be the same but "if Mary believed that the institute codes were wrong, she must work to change them…"

As noted earlier, it has been suggested that the profession's symbol should perhaps be an unchanging artefact such as the mummy. Perhaps with reference to this, participants also reflected upon the need for perseverance when attempting to change professional rules. Bob suggested one needs to work at change: "*Rome wasn't built in a day. How else can things change*"; whilst Alan suggested that a professional should "*stand up for what she believed was right. Always.*" Not all participants were in agreement with the view that working to change 'wrong' rules was an obligation of a professional. Gordon disagreed with the need to change rules and reported that, in the interests of avoiding conflict, rules should either be simply followed: "*she's probably a qualified accountant and they should follow the rules…she*

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[91] 'OF-P/CC' is the code used to identify this data in the interview text.

wants to get on in the world, [and] not [go about] upsetting people" or manipulated: "*you don't ignore a [rule] you just bend it a little*". In contrast, Helen was adamant that rules should be simply ignored if they clashed with the interest of business. Table 4.4 collates her views.

Table 4.4 Participants' reports of other factors – professional-business.   Coded: 'OF-P/Bus'

Helen	A professional's task "is to work [for best interests of] business"
	"she should do what she think that's right for the business"
	"business interest comes first. In ideal world, perhaps not…in ideal world perhaps…do be honest…but business and ideal world not same thing…don't match."
	"There may be a conflict between what a boss says and what the Institute would say: Institute would say act rightly…which mean honest…but boss is saying…do other thing…which may not be honest…he must do what is right for business"

Whilst Helen conceded the need for honesty in an "ideal world", she reported a view that the world of business and idealism "don't match". This report parallels her previous reports, see Section 4.2.1.1 p.130, which suggested a binary divide may exist between business and ethics. Although Helen did not actually report that her view was unethical, her view would clearly be interpreted that way by both educators and the profession. If the view was pervasive it would then present issues for both when seeking to develop students who start their careers "making ethically sound decisions" (Helliar and Bebbington 2004: 59). Although Helen's view was atypical it was an intriguing response and one whose extent I intend to explore more fully in class.

Ethical attributes of a professional

Participants reported attitudes towards three ethical attributes of a professional. These were honesty, a commitment to state legislation and virtue (including independence, integrity and truth).

Honesty is one of the five fundamental principles set out as mandatory requirements by the IFAC (2009) Code of Ethics and was reported by every participant as being an important attribute of professionalism; although reports indicated there may be different interpretations of the concept. For instance, Helen reported that "*to be a qualified that people can trust, you*

must be honest"; although it is quite clear from her responses in Table 4.4 that she is using the term in a unique manner. Her belief was that 'honesty' referred to working in the best interests of the business rather than the public, which is the IFAC goal. However, participants' overall belief in the need for a professional to display honesty, of whatever hue, is to be welcomed as it appears to be in stark contrast to the perception of the public concerning the actual behaviour of the accounting profession (see Table 4.5).

Table 4.5   How the US public rate accountants for honesty and ethical standards.

In 2008 a US opinion poll asked members of the public to rate the honesty and ethical standards of people in 20 different professional fields on a five-point scale, very high, high, average, low, very low. Results were as follows:								
Percentage saying vey high or high								
	2008	2005		2008	2005		2008	2005
Nurses	84	82	Journalists	25	28	Members of congress	12	14
Pharmacists	70	67	Bankers	23	41	Stockbrokers	12	10
Doctors	64	65	Building contractors	22	20	Advertising practitioners	10	11
Police officers	56	61	Lawyers	18	18	Car salesmen	7	8
Clergy	56	54	Real estate agents	17	20	Telemarketeers	5	7
Funeral directors	47	44	Labour union leaders	16	16	Lobbyists	5	-
Accountants	38	39	Business executives	12	16			
Source: Gallup (2009)								

Table 4.5 shows there has been very little change in the public's perception of the honesty and ethical standards of accountants since the years just following Enron and WorldCom, a view supported by Helliar and Bebbington (2004).[92] So despite developments by the profession, such as IFAC's rewriting and re-emphasis of its Code of Ethics (2003, 2005, 2009), the profession and professionals appear to still have a long way to go in convincing the public of their commitment to ethical behaviour. Low *et al.* (2008) suggest that poor quality accounting education, including the teaching of ethics, actually contributed to these debacles. Exploring students' attitudes towards honesty therefore appears to be a worthwhile exercise, as students who emerge into the accounting world with a strong ethical orientation are more likely to harbour and foster strong moral attitudes in the workplace (Helliar and Bebbington 2004).

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[92] The Enron and WorlCom scandals came to prominence in 2002.

Participants reported that honesty was important as it stands as an ethical obligation/duty of a professional. Table 4.6 collates these reports.

Table 4.6 Participants' reports of other factors - professional – honesty as a duty.   Coded: 'OF-P/HonD'

Bob	"Having principles means having high moral principles. She's got a duty to be honest"
Diane	"if she's a professional accountant. She's got to be seen to be honest it's what's expected by the public."
	"she has a duty to act properly, with honesty."
Gordon	"as an auditor you have got to be a very honest character"
Chris	"people would expect her to be honest….so she should resign from the company"
Les	"he's a professional auditor. Simon must do honest thing"
June	"acting professionally [means acting] honestly"
	"doing what's right as a professional [means] acting honestly"
Fran	"…professional people must be honest as well as act honest"
Helen	"someone can act honestly without being honest. To be a qualified that people can trust you must be honest. A man must be honourable."
Norman	"it's the accountant's job to act honest."
	"if she's qualified it's her task to act honest as a member of the profession"
	"it's not the job of the accountant to protect jobs. Just like it's not her job to make sure that the company loans and gearing are right or the share price is high. Faith is preparing the accounts so it's her job to be honest whatever it takes."
	"to be a professional you must always act and be an honest person"
Ellie	"as a professional you'd be expected to do the honest thing in all of your business dealings"
	"the professional thing to do is to be honest"
	"lots of dishonesty in the world and it's time accountants stood up to it"

Whilst the above participants reported that it is a professional's moral obligation/duty to act honestly, others reported that honesty was more of a virtue or moral aspiration. Table 4.7 collates these views.

Table 4.7   Participants' reports of other factors - professional – honesty as a moral aspiration.   Coded: 'OF-P/HonMA'

Mary	"Must act according to her conscience – which for Mary should be to be honest"
Alan	She could go along with it if no-one is going to find out "cos her future and job references and that might depend on it…me, the only way is to be honest."
Norman	"to be a professional you must always act and be an honest person"
Irene	"honesty and telling the truth is a kind of ideal to aim for"
	"conscience may tell you to do one thing one day and something else the next. But you should be ok so long as you've made decisions for the right reasons, like being honest and true."

Ellie reported the view that accountants were basically honest and that dishonest dealing was essentially the lot of others. She believed that accountants should act as policemen to stop it happening: "*lots of dishonesty in the world and it's time accountants stood up to it*". The importance of honesty in a wider context was reported by Norman "*you might get a short term promotion from being dishonest but in the long term everyone loses if you are*". Bob reported the benefit to society of a professional being honest: "*acting honestly [means] that people [can] put faith in you.*"

A commitment to state legislation was reported by participants as being a particularly important professional obligation; although there continues to be some debate about the place and importance of state legislation in accounting. Puxty (1997 in McPhail and Waters 2009), suggests four types of accounting systems classified according to how each system is regulated. He proposes three regulatory models: 1) the market, which gives rise to liberal accounting systems as in the US, 2) the state, which gives rise to state controlled legalistic accounting systems as in the former GDR[93] and 3) the community, which gives rise to associationist[94] accounting systems as in the UK. A fourth type is the corporatist[95] accounting system as in Sweden which achieves regulation by the state developing the organisation of interest groups. Whichever model a country adopts, it is clear that state

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[93] German Democratic Republic. Informally 'East Germany' before reunification in 1990.
[94] Regulation is achieved via organisations established to represent the interests of members.
[95] Regulation is achieved by the state developing the organisation of interest groups.

legislation has some part to play in the regulation of the accounting profession. In parallel to this, participants reported that acting in accordance with state legislation was an accountant's moral obligation (see Table 4.8).

Table 4.8 Participants reports of other factors – professional-legislation.   Coded: 'OF-P/Leg'

1	Alan	If something is illegal "she's not got to do it whatever cos she's supposed to be qualified"
2	June	"the fact that Simon might lose his job is not strong enough reason to do something that is wrong" There is no time when doing an illegal thing could be acceptable.
3		An illegal act "would be unprofessional. Would mean no principles."
4	Fran	"professionals would not be expected to commit illegal acts"
5		""Simon has a duty not to do something that's illegal""
6	Helen	Illegal events "must happen all times". A professional just has to get on with it.
7	Norman	"if Faith was a professional accountant she shouldn't do that [act illegally]"
8		No illegal act can be condoned if you want to have respect as a professional "if you do something illegal…no-one would be able to trust you…you must gain their respect"
9		"the minute a professional accountant does something illegal he's finished as a professional because no-one would want to have him as their accountant"
10		Laws should only be broken "by agreement, consensus of other accountants"
11	Ellie	"when it's an illegal thing there's no discussion" for a professional
12	Irene	"an accountant must rise above [illegal acts]. If they don't there's no integrity in the audit world and everyone suffers"
13		As a professional "you could never justify to yourself doing something illegal"

Table 4.8 shows that Alan, June (line 2), Norman (line 8), Ellie and Irene (line 13) reported trenchantly that if one is a professional then under no circumstances could an illegal act ever be condoned. To do so would be "unprofessional" (June line 3), in that it would be contrary to one's duty (Fran line 5) and therefore not what a professional is expected to do (Fran line 4, Norman line 7). Norman also went so far as to suggest it would have a terminal effect on his future career (line 9). However, Norman appeared to be reporting from a unilateral perspective as he subsequently reported that if there was a consensus view amongst accountants that a law should be broken, then a breaking of the law could be condoned (line 10). In stark contrast to these reports, Helen reported that illegality was part of a professional's world and should be simply accepted as such: "*illegal events must happen all times. A professional just has to get on with it".* It is interesting to note that these views

appear to demonstrate a much greater intolerance towards breaches of state legislation than towards breaches of professional codes. From a pedagogic perspective, it may be illuminating to take this further into the classroom as a specific research topic.

Virtue theorists would contend that whilst it may be important that a professional is able to articulate attributes such as honesty and commitment to state legislation, such attributes or principles are often seen as a "matter of calculation" (Hartman 1998: 547). Hartman (1998: 549) suggests that one can follow attributes or principles such as honesty and yet not *be* honest. By contrast, he argues that "the virtuous person acts from an inclination to do the right thing" (p.549) so that in any organisation the most appropriate situation is one in which people act morally because they are virtuous (p.550). Virtue is an idealized characteristic often associated with accounting professionals (McPhail and Walters 2009). It is therefore illuminating that participants' expressed views on the matter and instructive to explore those views. Table 4.9 collates participants' reports concerning virtue generally.

Table 4.9 Participants' reports of other factors – professional-virtue.   Coded: 'OF-P/V'

1	Bob	A professional "should do what's right in his own mind."
2	Diane	"if she was qualified she would have to go with what she felt."
3		"Simon should do what his conscience tells him as an auditor"
4		"she should do what's right as a professional…keeping to her conscience. Keeping friendly with the governors isn't important."
5	Alan	"if you're a strong person, you have strong morals…Professional people have to be strong like that."
6		"conscience is great if you can live with it"
7	Les	"As a professional it's important for Mary to do everything she can to follow her conscience"
8	June	"Professional accountant would do job better if he feels good about himself…no point doing a job if it makes you feel crap about yourself as a professional"
9		As a professional "it's best she does the right thing in her own mind"
10		As a professional "she must do what she feels is right – her own conscience"
11	Fran	"do what right. What her conscience tells her to."
12		A professional "should act with professionalism in all cases, she should be professional in her head but when it comes to the real world she might not be able to because of the harm it causes to others…"
13		A professional "just [has] to be honest..it's not jumping to attention like in the army and following orders, it's because that's what she should feel inside, in her brain"
14	Helen	"he should keep his conscience outside…because…main thing is doing the right for the business"

15	Norman	The institute codes "should be his own codes as well, his own personal codes, like honesty and doing the best for his clients"
16	Ellie	"the greater good as they call it is not served by doing things wrong, even if people are disadvantaged…[serving the greater good] is where people should try to get to, such as accountants who call themselves professional"
17	Irene	"she's just got to do what her conscience tells her…If I didn't I couldn't sleep at night"

Reflecting Hartman (1998), participants reported that being professional was largely an attitude of mind, and that this should incline him/her towards right action. Bob, Diane (line 2), June (lines 8 and 9), Fran (lines 12 and 13) and Norman reported this view. Others: Simon, Alan (line 6), Les and Irene, and also June (line 10) and Fran (line 11) referred specifically to this as their 'conscience' as professionals. Alan implied that this meant the individual had "*strong morals*". Ellie expanded on this and suggested that virtue served "*the greater good*" which "*is where people should try to get to [aspire to]*". Whilst recognising the impact of 'conscience' on decision-making, Helen continued to be a deviant case suggesting "*he should keep his conscience outside…because…main thing is doing the right for the business".*

The above is an illuminating finding for pedagogic reasons. If students, as it appears, are inclined to do the right thing then they may be more open to its teaching. As noted earlier, ethics is traditionally taught from a rationalistic perspective.[96] However, some authors (Cohen 1999; Goleman 1995 in McPhail 2006) believe emotional self awareness can also be taught, and in very much the same way. The deviant case of Helen is also illuminating. As this study is exploratory in nature, an explanation of her reporting is outwith this study. However her view, that an accounting professional should keep his/her conscience outside of the business context, parallels the Friedmanite free-market position that entities "have the obligation to make a profit within the framework of the legal system" (Machan 1999). This raises the intriguing possibility that some students, despite studying on an accounting programme which includes modules containing ethics, see their moral obligation as being to the business and the making of profit rather than to society.

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[96] The teaching of ethics was addressed in Chapter 2.8 p.49.

All participants, except for Helen, reported without question that in order to be a virtuous person who is inclined to do the right thing, a professional must possess the attributes of independence and adhere to moral principles (Table 4.10).

Table 4.10 Participants' reports of other factors – professional-virtue-integrity and independence.   Coded: 'OF-PV/II'

1	Bob	She should act with integrity if she's a professional. She's got a moral obligation…to be independent."
2		"a professional…should act with integrity always."
3	Diane	"he's a professional and must act independently as an auditor. Means he must think for himself"
4	Gordon	"auditors should always be independent"
5	Chris	"I'd like to be talked about as a professional accountant who is independent has integrity and can be trusted to do the right thing"
6	Alan	"you have to be independent and stand for doing what is right as a qualified"
7	Les	"[Professional] Code tells her…she must be independent"
8	June	"Simon has a duty as a professional to be independent and objective in his own mind"
9		"as a professional he should act with integrity. Be honest at all times."
10	Fran	A member of the profession must be "above board…independent, honest"
11	Norman	If a professional acts unethically, "people would see her as being a risk because she acted unethically…you depend on professional people to act with this integrity and wouldn't want to know her if she wasn't…she must always do the right thing because that's the way a professional accountant must be."
12		A professional "has a duty to act independently with integrity"
13	Ellie	"Faith has a job and would normally do as she's told but that's not what's expected as a professional"
14	Irene	"independence in fact and appearance is very important"
15		"if…[you're] not being objective [you're] not being professional"

Quite clearly then there is an implied belief that these attributes are at the heart of professionalism. Bob, Alan, Les, Fran, Norman and Irene also reported without question that the professional person must be truthful. However, unlike independence and integrity, this was not universal, in that, although reporting the need for trust, Ellie questioned whether "*the consequences*" and "*the real world...circumstances*" would conspire to militate against it. Table 4.11 collates these views.

Table 4.11 Participants' reports of other factors – professional-virtue-truth.   Coded: 'OF-P/V/T'

1	Bob	A professional has a "reputation…as a person who can be relied upon to tell the truth"
2	Alan	"a qualified should always aim for the truth…it's like a higher god's telling what's best"
3	Les	"I believe if Faith make everyone know the truth, that's very important"
4		"Simon must be truthful person"
5	Fran	"A professional considers how does it make her feel as an accountant. Would people ever trust her again? Does it upset her feeling of how worthy she is?"
6	Norman	Faith's own morals as an accountant should be to tell the truth
7		"The professional's job is to be truthful even if his institute or the accounting profession overall suffers"
8	Ellie	"Truth to you is not necessarily truth to me. Otherwise we wouldn't need courts. So although accountants should try to have truth known it depends on whether he agrees with the consequences"
9		"to tell the truth [is] his job as an accountant"
10		"aiming for telling the truth should be his objective"
11		"reputation of the profession might suffer if another Enron came out. But..he should still tell the truth"
12		Money is important but "really an accountant should tell the truth no matter what"
13		"he should always follow his conscience which should be to act truthfully. But..in the real world there may be circumstances when he wouldn't [such as severe personal problems] "
14	Irene	"the accountant has a duty to report the true profit figure not the imagined one"
15		"the profession needs people who are truthful"

These three characteristics of a virtuous person, independence, integrity and truthfulness also correspond with two of IFAC's (2009) fundamental ethical principles; integrity and objectivity. These are interesting findings. Whilst authors such as Claypool *et al.* (1990) agree with participants that independence is a key concept, others (Bruce 1996; Sikka and Willmott 1995) suggest it is a contested concept, primarily due to its narrow conception as a means of maintaining an arm's-length relationship with clients (McPhail 2006). No participant who proffered a view about independence questioned that view, that is, unlike Ellie's questioning of the ability to remain truthful, no participant questioned whether accountants could always remain independent. This is possibly due to its place in university undergraduate degree programmes, where independence is often posited as an unquestioned central tenet of the audit function. It is clear that, in the UK, financial reporting serves the need of the capitalist system, so it and professionals cannot therefore be said to

be purely independent. Financial reporting and professionals then are clearly biased towards the system's providers of capital. Some critical analysis of the concept in students' degree programmes would appear to be necessary; as would the view that in certain circumstances, accountants may not be truthful.

Public interest

The UK accounting profession claims that it exists to serve the interests of the public. All mainstream professional accounting bodies in the UK are members of the International Federation of Accountants whose IESBA[97] objective is "to develop and issue in the public interest high-quality ethical standards" (IFAC 2009). By this, the profession is implying that ethical decisions should be made in the interests of society and not particular interest groups such as investors or clients.[98] Institutes' publications make this explicit. For instance, applications for ICAS research funding must contribute to one or more objectives, the first being 'ensuring accountants act in the public interest'. Given this strong emphasis, it was surprising that public interest did not resonate more forcibly with participants when reporting their decision-making processes. Fran: "[*he has a] duty to do right for society*" and Ellie: "*she has a duty to society*" were exceptions and mentioned society directly; Bob: "*if people suffer…something has to change*" and Alan: "*if [accounting] is harming people…she should think about ignoring the law*" referred to society indirectly. Other participants made no mention of society at all. This omission could be due in part to an increasing emphasis, in education and the profession, on the commercial nature of accounting at the expense of its traditional professional role concerning duty to society (Roberts 2001). Some participants were quite blatant in suggesting that whether the individual was being paid or not would have more of a bearing on the decisions made: Diane, "*acting professionally would probably depend on whether she was remunerated or not*"; Gordon, "*Mary is a part-time unpaid governor…she wouldn't care [what decision was taken]*"; Chris, "*she could always claim she*

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[97] International Ethics Standards Board for Accountants.
[98] Whether accounting is or can be 'good' for society in this way is an interesting question but is outwith the exploratory nature of this study (for a discussion see Sikka *et al.*1989)

didn't know what she was doing – as she's voluntary". In contrast, Fran and Ellie, who

supported the notion of a professional's duty to society, were also quite adamant that

remuneration shouldn't have an impact: Fran, "*remuneration is not the deciding factor*";

Ellie,*. "remuneration shouldn't obviously matter, because acting with integrity is a way of*

thinking and it shouldn't matter whether you are being paid to be like that or not". Whilst

making no mention of duty to society, Norman and June agreed with the latter: Norman,

"*whether or not you're in paid employment has no effect at all on acting honourably. Being*

honourable is in your head not in your wallet"; June. "*being paid or not is not an issue*".

Roberts (2001) also argued that the increasing proclivity of accountants to see themselves

as businesspeople first and professionals second was bringing professionalism into

question. McPhail (2006) also suggests that ethical behaviour is narrowly construed "in

terms of disciplinary boards and codes of conduct…rather than proactively, in terms of moral

development"; thus possibly leading to the omission by participants. McPhail and Walters

(2009) believe that serious discussion of ethics education is only just beginning. As an

educator, it is to be hoped that such discussion in academia will include the place of 'public

interest' and the relationship between commercialism and professionalism.

The professional institutes and reputation

Despite their view, discussed earlier at Section 4.2.4.2 p.157, that rules are not sacrosanct

and that a professional should work to change them where necessary, all but one of those

participants also reported that as a professional they would have a general duty to the codes

of their relevant professional institute.[99] Bob and Norman referred to 'duty', June and Fran

referred to 'sticking by' the institute, whilst Chris referred to an 'allegiance'. Although not

specifically identified by participants, this conflict parallels the act utilitarianism/rule

utilitarianism distinction referred to earlier, that is, the former corresponds with a theory of

'right action' whilst the latter corresponds with a theory of 'rule-following'.[100] It is patently a

contentious area, made more so by the fact that none of the participants at this point

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[99] Diane did not report her attitude towards professional institutes.
[100] Act/rule utilitarianism was addressed in Chapter 2.5.1 p.31.

recognised the potential conflict. The conflict (Hooker 2007) lies at the boundary between the ethics of professions, justifying an action according to what is right (act utilitarianism), and the ethics of professional obligation, justifying an action according to what is obligatory (rule utilitarianism). This poses the question of an individual's professional judgment and at what point that judgment should come into play. For instance, rule utilitarianism would tell a professional that, following IFAC's (2009) Code of Ethics, he/she has a duty of competence and care to give a client the best possible tax advice; but there may come a point at which that tax advice, despite being legally acceptable, is not in the public interest. A later Section 4.3, explores the ethical stance of participants and their proclivity for rules or principles.[101] However, participants' lack of recognition of the need for judgment in the above situation points to a potential failing in their ethical education and to a need to re-emphasise the point in degree programmes.[102]

As argued earlier, duty to one's professional body is driven by general agreement about how to promote a set of beliefs about professionalism. One other important device reported by some participants, as useful in this promotion exercise, is reputation. Bob, Les and Ellie reported that a reputation had to be 'good'. Diane and Irene, more specifically, placed this in the context of honesty and honest dealing. No other participants referred to the concept. It is possible that others viewed it as being the implicit result of being honest, independent and trustworthy. The concept has certainly not appeared in the empirical literature as a factor in ethical decision-making. However, having a reputation for, for example, honesty is not the same as saying one *is* honest. Educational programmes should make this clear when teaching virtue ethics.

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[101] It shows they are inclined towards principles.
[102] It may also be instructive at that time, to include discussion of the deviant case of Helen; who would completely ignore her professional body as "they might tell me something I do not want to know".

4.2.4.3 Power

There has been a great deal of critical research into the way in which individual accountants exert disciplinary power over themselves in order to regulate their activities (Armstrong 1994). However, no participant referred to this Foucaultian concept. Instead, they referred to the more common notion whereby one individual exercises power over a less powerful person. Gordon reported, "*she's not going to go against the guy with the power*"; Chris, that "*she might not have the power to present and support the truth*"; Alan, that the view of the "*boss matters because that person is higher than you*"; Les, that "*she [would find it difficult to] say anything because it's her boss*"; Fran, that "*she wouldn't want to upset the boss because she might lose her job*" and; Helen, that "*he's powerless*". The former notion of self disciplinary power is in keeping with Maclagan's (1998) favoured autonomy paradigm, whereas, the latter more common notion corresponds with his rejected control paradigm.[103] His argument is that the development of more responsive and inclusive moral communities in organisations requires leaders who "take account of the concerns and interests of others, and not define community interest simply in terms of their own values and aspirations" (p.172). Traditional education concerns questions of how individuals should behave rather than "the way in which notions of good and bad come into being, are sustained and operate" (McPhail and Walters 2009: 96). If students are to graduate with capabilities as potential leaders[104] who not only recognise but take account of the concerns of others, there is a clear need to introduce Maclagan's views concerning autonomy into the curriculum. To achieve this, educators would need to ensure that discussions of, for instance ethical dilemmas, start by asking students to reflect on for example: what it takes for them to achieve a sense of moral goodness, what the characteristics are of a good professional, where these come from and how they impact upon their actions and, where ethics becomes tangential to accounting.

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[103] These paradigms were addressed in Chapter 2.8 p.50.
[104] A common business school objective.

4.2.4.4   Responsibility for the action

As noted earlier in Chapter 2.4 a review of political moral philosophy which lies behind such questions as 'Why is it important for accountants to behave ethically' is outwith this study. However, it should be mentioned that Diane raised this specific issue when reporting that "*there is a trade-off between knowing something's wrong in a document authored by someone else…and being the architect of something that's wrong – in the latter case principles take over because of reputation as a professional*". Her implied view was that an individual need take no action if he/she is not responsible for the original act causing the dilemma. Political moral philosophy literature would suggest otherwise. Rousseau (in MacIntyre 1998) and Giddens (1984) for instance, argue that individuals should see themselves as members of an interacting community rather than purely as individuals in isolation. This suggests they have responsibilities towards others in the community. This parallels Maclagan's (1998) notion of moral communities discussed earlier. The fact that only Diane, albeit contrariwise, had a view about this suggests that participants may have taken it for granted that accountants should behave ethically. As it is accepted as a central feature of the profession's view of what is required of professionals, it is a notion that should at least be explored prior to acceptance.

4.2.5   Research sub-question (RSQ) 1.5

Was the ethical stance obvious or did participants have to work around the dilemma before deciding on their approach?

Thus far, RSQs 1.1 to 1.4 have explored participants' reporting of their recognition of the ethically-charged and business-related nature of dilemmas and their reporting of those situational and structural issues which they perceived as having a significant impact on their ethical decision-making. This corresponds with much of the empirical ethics literature which suggests that structural, situational and individual factors constitute the main categories of influences on the decision-making of individuals (Loe *et al. 2000;* McDevitt *et al.* 2006*;*

McPhail 2006; McPhail and Walters 2009).[105] This exploration of participants' decision-making was used to model the conflation of factors experienced by participants and reported as influencing their decision-making activities. Figure 4.12 shows this model. The model shows how the factors may impact upon an individual's experience of the dilemma contemporaneously. The model in Figure 4.12 therefore provides the first insights into participants' decision-making processes and provides the starting point for the ensuing development of a complete decision-making model.

Figure 4.12 Model of factors reported by participants as impacting on decision-making.

Situational
- missing information
- involvement of others

Participant's individual experience of dilemma

Recognition
- complex nature
- visibility of issues
- obligation to society
- importance to business

Structural
- education
- professionalism
- power
- responsibility
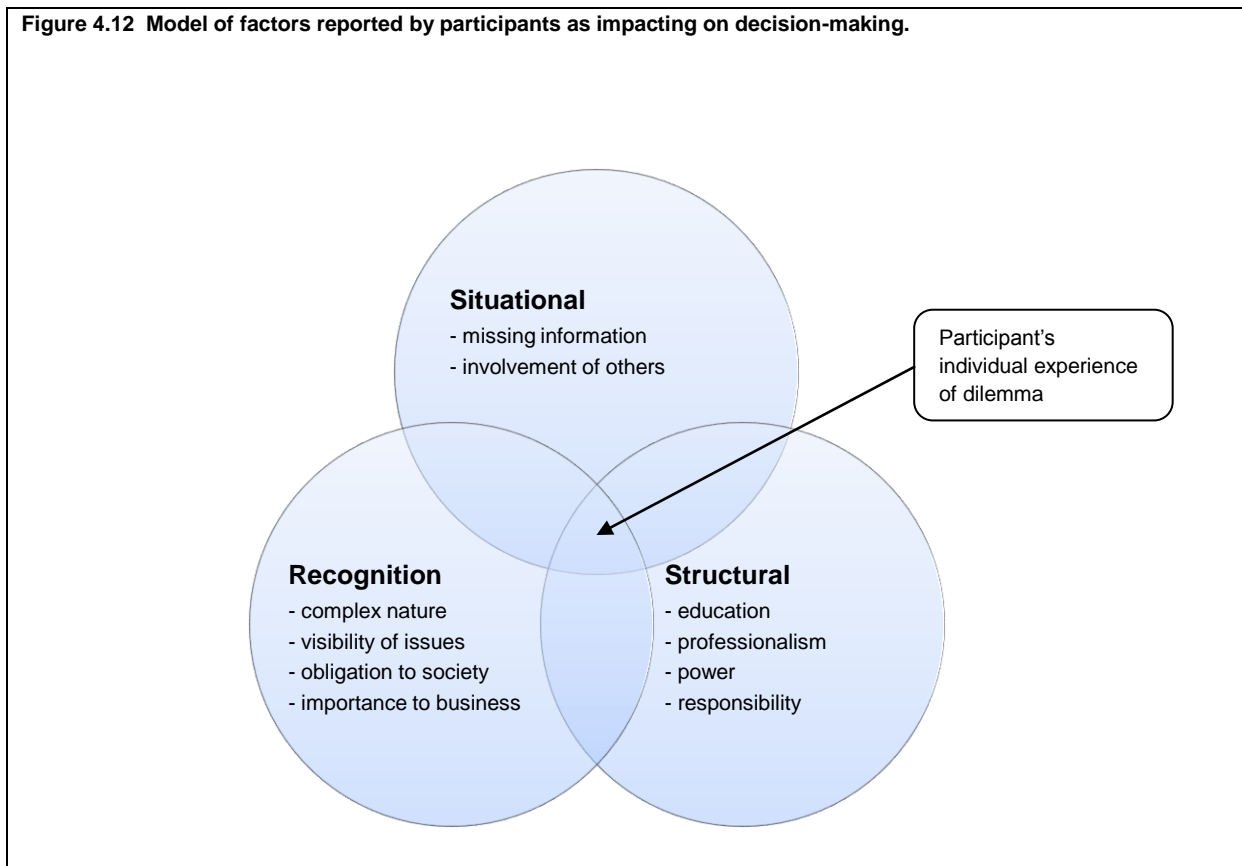
In reported empirical studies, factors such as those shown in Figure 4.12, have not emerged from the research, rather they have been chosen for study in an *a priori* and often discrete fashion (Loe *et al.* 2000). Section 4.2.2 p.133 explored Janis and Mann's (1977) reference to these as the 'antecedent conditions' of decision-making. Empirical studies research these

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[105] Individual factors, such as moral maturity, age and gender are common constructs chosen as research variables in many empirical studies. However, this study explores participants' own reporting of their decision-making proclivities and no *a priori* factors were thereby investigated. In the event, individual factors were only obliquely referred to, and only by some participants who reported the impact of their level of experience on their decision-making. Individual factors, whilst clearly of importance, therefore feature only fleetingly in these findings.

factors or antecedent conditions by asking 'What influences the decision of individuals?'
(McDevitt *et al.* 2006). This part of the study concerns the next aspect of decision-making,
that is, Janis and Mann's (1977: 70) "mediating process", by asking the question 'How do
individuals derive solutions to their dilemmas?'; or more specifically in terms of RSQ1.5:
'Was the ethical stance obvious or did participants have to work around the dilemma before
deciding on their approach?' The difference between previous empirical studies and this
study is that in this study those factors emerged from the research and were not presented in
a priori fashion.

Janis and Mann's (1977) model was developed within the context of general conflict
resolution. Their mediating process consisted of such questions as 'Are the risks serious if I
don't change?' and 'Are the risks serious if I do change?' In an ethical context, the mediating
process would likely consist of an individual's answer to such questions as 'How serious are
the risks if I am honest?' or 'How serious are the risks if I am dishonest?' Clearly, individuals
will address these questions in different ways. However, Janis and Mann (1977) assume that
all decision-makers have coping patterns that help them during the mediating process, such
as 'unconflicted change' whereby an individual changes positions incrementally so as to
avoid detection or 'defensive avoidance' whereby the ramifications of decisions are ignored
in the interests of avoiding disharmony. Which coping pattern is dominant at any one time
"depends upon external and internal cues that influence answers to the…questions" (Janis
and Mann1977: 75). These 'cues' correspond to the factors or antecedent conditions
mentioned earlier and shown in Figure 4.12 and will, for ease of reference, be referred to
hereafter as factors, antecedent conditions and cues (FACC). The implication is that
individuals could decide to be rules-based or principles-based, or 'tip' from one to the other
in their decision-making, based on these FACCs. RSQ 1.5 therefore explored the tipping
points and FACCs which participants reported as being influential in changing from one
ethical stance to another. This aspect of the decision-making process has not been studied

in the empirical ethics literature and would be one reason why McDevitt *et al.* (2006) call for more exploration of the process itself.

4.2.5.1 Categories of ethical stance

RSQ 1.5 responded to the above call by exploring whether participants, as they worked towards a decision, changed their ethical stance as a result of an FACC arising during interviews. This question was not concerned with which particular stance was abandoned or with which stance was eventually adopted but with the 'tipping point' at which an FACC was followed by a participant changing from one to the other.[106] However, so that a tipping point could be recognised, it was first necessary to identify, *a priori*, the possible categories of ethical stance. This was achieved by triangulating the views of three works from the recent empirical ethics literature: Dunn *et al.* (2003), ICAS (2004) and McPhail and Walters (2009). Figure 4.13 shows this triangulation and the development of and definitions of the *a priori* codes used to identify participants' ethical stances in the interview texts.

Figure 4.13 shows that an ethical stance can be identified as one of four types: principle, virtue, ego/self interest and financial, and that decisions would be taken as follows:

Principle   On the basis of right action. If this results in or from following a rule, it is because the action is right and not because it is a rule.

Virtue   On the basis of what the individual is inclined to do as a person of good character.

Ego-self interest   The action taken would be on the basis of promoting one's own interest and or avoiding penalties; consequences would be paramount and viewed from this perspective. This may of course result in 'bad' actions!

Financial   The action taken would be determined by its consequences for the business and would be purely financial in nature.

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[106] Which particular stance was finally adopted by participants is the concern of research sub-question 2.1 explored later at Section 4.2 p.200.

Figure 4.13 Development of and definition of *a priori* descriptive codes related to research sub-questions 1.5 and 2.1.[107]

Accounting and Business Ethics McPhail & Walters (2009)	Taking Ethics to Heart ICAS (2004)		
How should accountants behave?	How should an accountant judge whether an action is right or wrong, good or bad?		
2 prominent perspectives + 1 other (virtue)	3 ways		
	"Consequentialism" (implications of action)	"Right Action" (action itself is right)	"Motivism" (motive of person taking action)
"Deontological" Focuses on rightness or wrongness of action in itself, based on two principles: - Reason: obey universal principles and rules at all times. - Respect: others are ends not means. Respect their human agency.		- **Principle**: duty is to follow rules as this benefits society (ICAS call this 'consequentialism') but not because they're rules but because the action is right. Principles and rules are important but must be discussed and changed if they do not serve the greater good. K5	
"Teleological" Morality of an action established by reference to its consequences.	Good actions are those which achieve a certain goal: - **Ego/self interest** (+ avoid penalties) K1-K2 - **Financial** (+ comply with regulations) K3-K4		
"Virtue" An accountant may enact the principle of independence, but that doesn't necessarily mean he *is* independent.. Virtue is more important.			**Virtue**: question of character. Person is inclined to do good things/be honest. K6

K1-K6 = Parallel Kohlberg's six stages of moral development
Dunn et al (2003) suggest that accounting trainees at the K1-K4 stages are more likely than those at the K5-K6 stages to resolve ethical dilemmas by reference to rules. K1-K4 follow rules because it's either in their own interests (eg they might lose their jobs otherwise) or to uphold the laws and conventions of the profession. K5-K6 resolve dilemmas in terms of what is 'right' and would be prepared to engage in discussions concerning the point.

Coding used on text to represent above categories: PRIN = principle, EGSI = ego/self interest, FIN = financial, VIR = virtue.

The above four types of ethical stance can be summarised into two main categories:

principles and rules.[108] Informed by the first two ethical stances, principle and virtue, an

accountant's resolution of an ethical dilemma would parallel Kohlberg's post-conventional

level, that is, in terms of what is 'right' and can be generally categorized as *principle*

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[107] As an example of the triangulation of views carried out in Figure 4.13, McPhail and Walter's 'prominent deontological perspective' is referred to by ICAS as 'right action' and is one by which, according to Dunn *et al.*, dilemmas are resolved in terms of what is 'right'
[108] The discussion of rules *versus* principles permeates much of the literature review but the distinction was specifically addressed at Chapter 2.7 p.44.

based.[109] When following ego/self interest or financial consequences, resolution would likely parallel Kohlberg's pre-conventional or conventional levels, that is, respectively, in terms of his/her own self interest or in terms of upholding the laws and conventions of the profession.

As shown in Figure 4.13, Dunn *et al.* (2003) propose that those below the post conventional level are more likely to settle ethical dilemmas by reference to rules. These latter two types can therefore be categorized as consequentialist or as *rules* based. It should be noted that a change from a rules-based approach to a principles-based approach or *vice versa* does not imply that a participant reported themselves as being more or less ethical but as more likely to make good decisions.[110] In practice an individual may follow a rule such as honesty out of self interest; this does not mean he/she is any less honest than another who may be principle-based and inclined to act honestly. However, it is clear that progression from a rules-based approach to a principles-based approach involves the individual in a greater degree of sophistication in his/her decision-making activities.

Figure 4.13 also shows the codes used to identify ethical stances in interview texts prior to identification of tipping points. For example: June's report that "*she's not really being punished if she loses her job – she's acting honestly*", showed her acting with principle and was coded 'PRIN'; Helen's report that "*in business…there are times when you can not be honest because of the thing that is happening to the money",* showed her acting in the interests of the business' performance and was coded 'FIN'; Ellie's report that serving "*the greater good as they call it is not served by doing things wrong…it's where people should try to get to, such as accountants who call themselves professional*" shows she was clearly inclined towards virtue and was coded 'VIR' and; Chris's report that one has "*got to be loyal to the company as your job might go. Professional honesty is not as important"* was clearly based in ego self-interest and was coded 'EGSI'.

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[109] Kohlberg's 'levels' and ideas were addressed at Chapter 2.9.2 p.54 and Chapter 3.3.5.3 p.92.
[110] Only one participant, Ellie, reported an action as being ethical or unethical.

The status of rules and principles and the distinction between them is often unclear (Bromell 2004). The distinction between them for the purposes of this study was outlined above. Their status in the context of RSQ 1.5 was simply to identify and report effective reasoning examples of tipping points, that is, those tipping points cited by participants as being a line of reasoning effective in determining action.

4.2.5.2 Tipping points

For the purpose of managing the analysis, any transformation was analysed across-categories and not within-categories, that is, from principle to rule or vice versa and not from, for instance, principle to virtue or vice versa. This accorded with much of the relevant literature in which accountants' decision-making is viewed as being either principles-based or rules-based. In interview texts, ethical transformations were typified by phrases such as '*I see what you're saying*', '*that would be a different matter*' and '*put like that then…*' Although this section concerns tipping points *per* se, it is useful to outline a possible limitation at this point. Development of vignettes was outlined earlier at Chapter 3.3.5.3 p91. As the nature of dilemmas varied between vignettes, it was entirely possible that different vignettes were differentially likely to provoke tipping. That is, participants may have perceived the balance of ethical argument on either side of the dilemma to be closer in one vignette than in another. This was anticipated by the interview process. At points at which a participant's perception of the dilemma's moral intensity appeared to be stalling his/her report, further prompt questions such as 'How do you feel about that?' and 'So, what would you do?' were posed in an attempt to elicit his/her underlying ethical stance.

Figure 4.14 shows definitions of the interpretive codes developed inductively to identify tipping points in interview transcripts. They are presented in hierarchical order. Fourteen categories of tipping points were identified with progenitors, that is those FACCs which grounded the tipping points, ranging from 'power' to 'reality'. An example will help to explain the attachment of codes to text. At one point Gordon reported that "*I don't see any reason why I wouldn't contradict [work colleagues] if something is wrong….unless I would lose my*

job then I'd stay shtum." This demonstrates that Gordon at first reported he'd adopt a principles-based approach, in that, contradicting colleagues when something is wrong was the 'right action'. However, he then 'tipped' and would change to an ego self-interest approach, in that he would promote his own interests if the action of contradiction would result in him losing his job. Thus the FACC which was reported as the progenitor of the tipping point was 'personal'. The code noted at that part of the text was ST-PE/CPER. Figure 4.14 notes that this refers to a stance transformation (ST) from principles-based to ego self-interest (PE) which was conditional (C) upon the seriousness of the personal consequences (PER).

A point to note is that some participants (Alan, June, Helen and Norman) did not report any tipping points in any of the three dilemmas. These participants, whether principles-based or rules-based, were consistent across their reports. The consistency or otherwise of participants' ethical stances generally is explored further in Section 4.3. This section explores the tipping points and their related progenitors reported by participants who had to work around the dilemmas before making a decision. In keeping with the outlined approach to the presentation of findings, the reports of these 'tipped' participants were analysed in terms of the direction of the stance transformation, that is, from rules-based to principles-based and vice versa.[111] It should be noted that the codes in Figure 4.14 were used simply to identify tipping points and the relevant progenitor. The following analysis therefore does not strictly follow the order in which they are presented in Figure 4.14. This is because some transformations, whether rules to principles or principles to rules, had what were essentially common themes and were therefore explored together.

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[111] See Figure 4.1 p.121. To recap, the approach taken is to present an account structured around main themes with illustrations of themes drawn from each case.

Figure 4.14   Definition of interpretive codes developed inductively in response to research sub-question 1.5.

Hierarchy of Codes			Tipping point progenitors	Definitions
ST				Reported changes to a participant's ethical stance as a result of an issue arising during the course of the interview.
	ST-EP		Ego/self interest to principle	Changed initial reporting of an ego/self interest-based approach to a principle-based approach.
		ST-EP/POW	Power	Changes from an ego/self interest approach at the point participant realizes that he/she has power to do so.
		ST-EP/PROF	Professional	Changes from an ego/self interest approach at the point participant realizes that he/she is acting as a professional accountant.
	ST-EV		Ego/self interest to virtue	Changed initial reporting of an ego/self interest-based approach to a virtue-based approach.
		ST-EV/ACC	Accountability	Change due to a perception that one should act out of self interest unless accountable for the unethical act, then act virtuously.
		ST-EV/MW	Morally wrong	Change due to an emergent perception that an unethical act (cheating), even in the name of what might be popularly thought of as a good cause, is morally wrong.
		ST-EV/F	Facts	Change based on individual being able to prove that after checking the facts he/she is right and dilemma is not the result of judgment.
	ST-FP		Financial to principle	Changed initial reporting of a financial consequences-based approach to a principle-based approach.
		ST-FP/HUM	Human suffering	Change from a financial consequences approach to a principles-based approach because the false information will cause human suffering.
	ST-FV		Financial to Virtue	Changed initial reporting of a financial consequences-based approach to a virtue-based approach.
		ST-FV/UP	Unprofessional	Change due to the emergent perception that the previous financial consequences approach was in practice unprofessional.
	ST-PE		Principle to ego/self interest	Changed reporting of a principle-based approach to an ego/self interest-based approach.
		ST-PE/C	Conditional	Change of stance was conditional
		ST-PE/C/EX	Experience	Change was conditional upon the level of the participant's experience as an accountant.
		ST-PE/C/PER	Personal	Change was conditional upon seriousness of personal consequences.
		ST-PE/C/VO	Voice of others	Change was conditional upon the voice of significant others
	ST-PF		Principle to financial	Changed reporting of a principle-based approach to a financial consequences-based approach.
		ST-PF/BUS	Business	Change to the approach was made in the interests of the business making a profit.
	ST-VE		Virtue to ego/self interest	Changed reporting of a virtue-based approach to an ego/self interest-based approach.
		ST-VE/C	Conditional	Change of stance was conditional
		ST-VE/C/MON	Monetary	Change was conditional upon the significance of the event (monetary amount involved).
		ST-VE/C/PUB	Publicity	Change was conditional upon the amount of publicity the act would draw.
		ST-VE/C/R	Reality	Change would happen because reality generally would intercede causing the virtue approach to be abandoned.

4.2.5.3 Rules-based to principles-based ethical stance transformations

The tipping points at which participants transformed from a rules-based approach to a principles-based approach are defined in Figure 4.14. The progenitors were coded as: power, professional, accountability, morally wrong, facts, unprofessional and human suffering. They are addressed below.

Power, professional, accountability and experience

These four progenitors are discussed together because they have a common theme, that is, whether or not the decision-maker was an accounting trainee. Participants first reported that, as accounting trainees, they would act in accordance with ego-self interest, that is, they would initially adopt a rules-based approach. However, when they reflected upon decision-making as qualified accountants, they transformed to a principles-based approach. They reported that as qualified accountants they would have the power to act ethically, that ego-self interest was not a professional attitude, and that accountability and level of experience would both be significant factors. This raised the intriguing possibility that accounting trainees may not expect to act ethically until they are qualified.

Diane initially proposed that she would have adopted an ego/self interest approach had she been one particular protagonist (P) because the "…*decision was almost forced upon her* (P) *as a trainee*". However, on reflection she realized that she would eventually have the power to make choices: "*I would try to convince him* [boss in the vignette]*, when qualified, he's wrong*" and at that point proposed the way forward was to adopt a principles-based approach: "*I would stay with it until he does (change his mind) or leave*". She also reported that she would "*be expected by the public to be…principled and act honestly [but it] depends where [I was] at in the firm. If I'd just started I would go along with it…to avoid conflict… if I was an old hand…I'd probably make a fuss*".

The 'rules to principles' stance transformation and view concerning accounting trainees was supported by Gordon, Fran and Ellie on the grounds that adopting an ego/self interest

approach was unprofessional. The implication being that, as accounting trainees, they wouldn't yet see themselves as being professional. Gordon would also have first adopted an ego/self interest approach had he been the protagonist: "*she* (P) *should definitely make a decision based on her own interests*". However, at the point in the interview when he reflected that as a professionally qualified accountant he should "*act with principle even if at the end of the day the report's not hers",* he changed his stance and reported that he'd adopt a principles-based approach. However, he did add a caveat: "*if brand new at the job, I might be scared to do something".* Similarly, Fran reported that if she was new, then due to the problem that she might not understand the complex nature of accounting transactions, she would not challenge her boss.[112] However, if she was a professional she would have to challenge him as "*most people just consider the financial results…but to have ACA after your name you've got to do more than that*". Ellie reported that *"[h]onesty is all very well, but if she loses her job [because of it] it would be very hard for her…if I was an accounting trainee I'd probably stay quiet* (an unethical action)*…if I was qualified then I'd have to do something* (an ethical action)". She also reported that "*you shouldn't commit unethical acts… if you're a professional… [However] if I was new I'd probably….shred the documents* (implied unethical act)*….If I'd been in the game longer I'd make a stand* (implied ethical act)."

Diane also initially reported that self interest (losing her job) was more important than principle "*you have to be pragmatic. Faith's* (P) *got a job and it's tricky for students to get them these days. Not her fault there's an error in the report*". Diane then reported that had she been the protagonist and accountable for the unethical act and not new to the job, "*that would be a different matter*" and she'd act with principle in that "*a professional accountant [has] got to be seen to be honest*".

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[112] In the relevant vignette, challenging the boss was the ethical action.

Morally wrong

Bob and Ellie initially reported they would adopt a rules-based approach via an ego self/interest influence over their decision-making. This would involve cheating, telling lies and shredding documents if it was generally agreed to be in a good cause or one's job was on the line. However, they transformed to a principle based approach upon reflecting that doing so was simply morally wrong. This parallels an Aristotelian concern for the relationship between an individual's ability to reason about ethics and the extent to which his/her conclusions as to whether an action is ethically right or wrong are causally effective. That is, a distinction can be made between those who don't recognise what is required by principles/virtue, those who do recognise what is required and follow up with appropriate action and those who recognise what is required and do not follow up with appropriate action. It also reflects an action authors such as Helliar and Bebbington (2004: 59) would wish for accounting trainees, as shown by their observation that "if accountants are socialised into the profession in a way that emphasises ethical standards they are more likely to form attitudes that are congruent with sound decision-making".

At first Bob reported that "*she* (P) *wouldn't feel as bad [about cheating] if everyone agrees it is a good cause.*"[113] He, like the protagonist, would cheat to benefit that cause. However, when he was asked what place principles had in this, he eventually reported that one's own principles should be not to cheat: "*put like that...I'd be morally wrong*" and so he finally reported that the cheating action was not a good decision despite the disadvantage it caused to others.

Ellie first reported that "*truth is only as important as the consequences…that [are] hopefully good*" but after reflecting on what her position would be if consequences were bad, she reported: "[*although*] *I'd [be inclined to] do what was necessary for the company, like*

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[113] The 'good cause' in the vignette was to build a language laboratory for schoolchildren, but with an overpaid donation.

increasing profits , [ultimately] I'd [have to] tell the truth whatever happened to profits…if you're an accountant…a professional person".

Ellie also first reported that a whistleblower may be seen as a "*black sheep [so that] he* (P) *may not find another firm, [which may encourage him to] stay and do the shredding*".[114] However, Ellie thought that personally she would have choices and would choose virtue over what she thought was morally wrong:"*I would consider them all , I must be able to be comfortable with what I decide to do. I'd be inclined to act ethically and do good*".

Facts and being unprofessional

These two tipping point progenitors involve a consideration of the facts in a situation. Bob and Les initially reported they would act in the best interests of the company and of its shareholders by following the rules and conventions of the organisation; but they transformed their reports to a principles-based approach upon reflecting that the former approach would result in incorrect facts being reported by the company.

Bob initially reported that had he been the protagonist he "*would do what is best for users of the information*" but when it occurred to him that it would mean the reporting of incorrect information, he reported that such an act would be unprofessional and he then changed his stance to one of acting with professional integrity: "*I'd act like a professional person and do what's right…act with integrity if I was a professional…I'd have a moral obligation to."*

At first Les wouldn't contradict his boss if losing his job was a consequence: "*can't say anything because it's [the] boss*". However, when it was pointed out that it wasn't a matter of challenging the boss' judgment but of the boss' rewriting of the facts as presented by Faith (protagonist), Les changed his ethical stance and reported that he would then follow his conscience, which would be to challenge his boss and report the correct facts: "*[must do] what I feel is right…must be independent…have a moral obligation to do this*".

Human suffering

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[114] The accounting profession would construe shredding documents in this context as an unethical act.

The 'human suffering' progenitor is explored at 4.2.5.5 as it was a factor in a multiple reversal of ethical stances reported by one participant, Diane.

4.2.5.4 Principles-based to rules-based ethical stance transformations

The tipping points at which participants transformed from a principles-based approach to a rules-based approach are defined in Figure 4.14. The progenitors were coded as: experience, personal, voice of others, monetary, publicity, reality and business. They are addressed below.

Experience

Experience is mentioned separately here in the interests of showing a complete picture of the study's coding activity. However, it was fully explored in the previous section as it had the same common theme in the decision-making process as the 'power, professional and accountability' tipping points, that is, whether one is an accounting trainee or not.

Personal

Some participants reported that whether they would change from a principles-based approach to a rules-based approach would depend upon the seriousness of the personal consequences.

Although Diane initially reported from a principles-based perspective that knowledge of "*future consequences was not important*", this must have been a comment in general because she later reported that if knowledge of "*the law*" meant one would know that the action would "*affect [one] personally such as professional reputation, jail or loss of job*" the approach would be to act out of self interest and "*do nothing*".

Gordon and Chris reported the notion that the threat of losing one's job was an appropriate justification for following a rules-based approach in the form of ego/self interest. Gordon reported that he would challenge an unethical act being committed by someone else, unless he lost his job because of it, then "*I'd stay shtum".* He was also very firm that breaking rules

was morally wrong: "*it doesn't matter if it's benefitting [the company]…it's illegal*". However when faced with the possibility that he might lose his job because of it, he changed to an ego/self interest position: "*you're not gonna change the rules are you?...So you have to look after yourself [and] bend rules".* Although Gordon was adamant that breaking the rules was morally wrong, he made no mention of working to change rules, which would be the 'right action' approach of a principles-based individual. However, his report points to the intriguing possibility, not followed up during interview, that he may have been implying that bending the rules was a test to see how far he could push them without actually breaking them. Whether this would then be the action of a principles-based individual would be an interesting topic for research. Chris recognised that as a professional he'd be expected to act honestly. However if he was faced with losing his job as a result he would "*be loyal to the company*", and commit an unprofessional act as "*no-one gets hanged for it*". As for the opinions of peers, Chris was quite adamant that "*if it's wrong it's wrong [and it] doesn't matter what colleagues think*". However when faced with the possibility of losing his job because he was the only one who thought that there was something wrong, he reported he'd "*probably go along with the rest*".

Ellie and Irene were adamant that acting with principle was the only way for a decision-maker to act, unless one is threatened with harm: Ellie opined that "*principles are important in all life as a professional…unless…you're physically threatened*"; whilst Irene reported that as a professional *"I could never justify to myself doing something illegal…[unless] my life depended on following an IFRS I suppose then it would be OK*".[115]

Voice of others

Gordon and Chris reported that they would change from a principle-based approach to a rules-based approach in the form of ego self/interest if: peer pressure, disreputable persons, an insignificant number of beneficiaries or family views were involved. Gordon was adamant

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[115] IFRSs are the International Financial Reporting Standards which govern the financial reporting of many public liability companies around the world.

that a principle-based approach should be adopted: "*doing what is right is what is right*" but when peer pressure was introduced as a variable, he changed his stance to an ego/self interest approach because "*if all the other governors[116] are saying you shouldn't give the money back[117] then [one] might be convinced that it's the right thing to do*". He also changed his stance to an ego/self interest approach when the potential for the victim of the unethical act to be a disreputable person was introduced as a variable: "*[if it was] drug money…it's the fact that where the money has come from that you just can't outweigh* (ignore) *it.*" The change could also come about because of the number of beneficiaries. Gordon also reported: "*the amount of people it's* [an unethical act] *going to benefit would probably alter your decision…[that is] if it's for the greater good…but if it's only going to benefit a certain number of people..it wouldn't*". Chris reported: "*it's very important...to do the right thing*" but that he'd listen to his family and "*put family [views] first*" in making his decision.

Monetary

Bob reported that he would change his stance from a consideration of what was virtuous and morally right to what was in the best interests of a good cause, albeit involving an implied unethical act, if the amount involved was immaterial and wouldn't be questioned: "*I would look at the probability of the auditors questioning the donation…If it was a small proportion [of the school's revenue] I would [ignore the overpayment] as some good is coming out of it".*

Publicity

Gordon initially adopted a virtue-based approach when faced with an illegal act "*you've got to be a very honest character*" but then on reflection suggested that he would probably commit the act "*if I could get away with it…whose going to know?*"

Reality

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[116] School governors represent the peer group in the relevant vignette.
[117] A donation to a school had been overpaid and the governors want to keep the money and not repay it.

Two participants, Chris and Fran, reported that being virtuous was important but that one factor, recognised as being 'life in general' would simply get in the way of doing so. This is what McDevitt *et al.* (2006: 226) would refer to as a "wild card" in decision-making. It includes unpredictable changes in circumstances. The 'wild' card' can strike any decision model at any stage, and can neither be eliminated from the model nor controlled. It may significantly alter an individual's decision-making process and may help to explain his/her "irrational ethical/unethical behaviour". 'Life in general' is clearly not part of any business environment but must somehow be taken into account when exploring the decision-making process. Chris reported that it was "*quite important…to have the truth known…truth is an ideal*". However, truth "*isn't often reachable [because] life [reality] gets in the way and stops us*". Similarly, Fran recognised that "*professionalism means being professional in mind [but] in the real world I might not be able to*".

Business

The 'business' progenitor is listed in the interest of showing the complete range. It is discussed in the following section as it was a factor in a multiple reversal of ethical stances reported by one participant, Diane.

4.2.5.5 Multiple reversals

Human suffering and business

Participants reporting an ethical stance transformation did so in one direction with the exception of Diane, who reported multiple reversals of ethical stances within the same vignette. Figure 4.3 showed that, although Diane reported initial views concerning the complex nature of ethics, she had no difficulty in recognizing either the dilemma's ethically-charged nature or its business-related nature. It is possible therefore that her multiple reversals are a demonstration, not of confusion or recognition problems, but of the lower level of inconsistent moral reasoning suggested by Abdolmohammadi and Barker (2006) as the consequence of education's persistence in teaching rules-based systems.

Diane was inconsistent in reporting within the same response. First she reported a rules-based approach in the form of financial consequences, in that, she would follow the codes and conventions of the organisation and condone an unethical act if it was for the benefit of the majority of financial statement users[118]: "*you can't protect the few at the expense of the many…[i]n the long run the company may [only] survive because of the* (falsely reported) *increasing growth*"; but she then changed to a principles-based approach and reported that because of the significance of its impact on the few[119], the unethical act should be reported: "*people are suffering…I would report it*". So, having just reported that she would transform from rules-based to principles-based, she then transformed back to rules-based in the form of financial consequences as it was for the benefit of the business: "*if ethical principles are not in best interest of business…to make a profit…should ignore [them]*".

Diane's multiple reversal report was atypical but, as the study is exploratory, facilities were not in place to explain her behaviour. However, her behaviour may very well reflect practice and if so would demonstrate the utility of devising vignettes which have the potential to produce such multi directional responses.

4.2.6 Research sub-question (RSQ) 1.6

What structure did participants use to proceed to a decision?

RSQs 1.1 to 1.5 explored participants' individual reporting of what they perceived as the most important aspects of their decision-making processes. To recap, these were categorised as follows:

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[118] That is, Investors, creditors and customers.
[119] That is, redundancies would result amongst the organisation's employees.

Research question 1.1:   Recognition of business and ethically charged nature of the
                                dilemma.

Research questions 1.2 – 1.4:   Factors, antecedent conditions and cues (those situational
                                and structural factors shown in Figure 4.12).

Research question 1.5:   Sense of a mediating process (tipping points).

These findings parallel two of the three core aspects of Janis and Mann's (1977) conflict-

theory model of decision-making: antecedent conditions and mediating process; the third,

'consequences' or decision outcomes will be dealt with later.[120] The purpose then of RSQ

1.6: 'What structure did students use to proceed to a decision?' was to develop a descriptive

decision-making model based upon participants' own reporting of their decision-making

processes. This was achieved by conflating participants' reports in response to the first five

research questions, as explored in Sections 4.2.1 to 4.2.5, with their responses to Question

8 of each vignette's interview schedule: 'What should (the protagonist) do? Outline, using

any approach you wish to do this – narrative, numbers, diagrams etc – the steps (the

protagonist) should take to reach his/her decision'. Thus, interview texts were scanned for

evidence of structure, or steps or questions, reported by participants as part of their

mediating process. This was a complex process. Participants responded to vignette

Question 8 in varying degrees of length, breadth and style, ranging from short and long

narrative sometimes in hierarchical style, to complex decision tree diagrams. Participants

were allowed to self select their style of response so as not to constrain their reports in any

way, and to thereby elicit reports which would be as close as possible to that which would be

expected to occur in practice. The evidence was then further scanned iteratively for any

commonalities or themes. This was again a complex process. At first over twenty themes

were identified. However, after an iterative process of collapse and abandonment of themes,

it was possible to discern from the reports and themes, six critical questions or steps in the

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[120] Janis and Mann's theory is referred to by a number of authors as a key seminal contribution to decision-making. See for example Alaydi (2006) and Pieters and Zeelenberg (2005).

structures used by participants to proceed to a decision. These are shown in Table 4.12

together with evidence from participants' reports. The six questions/steps were as follows:

1. Are the facts in the dilemma correct?
2. How serious would the consequences be if I act ethically?
3. How serious would the consequences be if I act unethically?
4. Would I be able to justify acting unethically?
5. Are there alternative solutions?
6. Is there time to search for an alternative solution?

Table 4.12   Mediating process: critical questions/steps.

1) Are the facts in the dilemma correct?			
Reports by participants:		**Reports by participants:**	
Bob:	Confront instigator and ask for explanations. Ask peer group for advice	Helen:	Ask boss what's going on and assess consequences of action.
Diane:	Check findings. Ask colleagues for help to determine facts. Research the law on the matter	Norman:	Gather information from audit committee. Is there a mistake in it?
Gordon:	Look over evidence again and assess consequences.	Les:	Challenge boss to explain the facts and then tell him why he's wrong.
Chris:	Is it really her problem? Does she have to make a decision? It could be part of a much larger problem. Check facts. What do others think?	Fran	Check the detail. What do colleagues think about it?
Alan:	Check with a colleague and check the effect of the event, that is, the facts.	Ellie:	Check facts with colleagues.
June:	Gather information and talk to the boss. Seek clarification. Is the data correct?	Irene:	Make sure she's got it all straight.

2) How serious would the consequences be if I act ethically?			
Reports by participants:		**Reports by participants:**	
Bob:	If overpaid donation was an insignificant amount I'd choose to keep the money for the sake of the schoolchildren.	Fran:	Consequences of doing what's right need to be considered.
Chris:	What are the consequences for him of doing right?	Helen:	He must ask himself whether he can afford to go against his boss.
Les:	Have to worry about whether he can afford to lose his job.	Norman:	Consider the consequences of doing the correct thing.
June:	Assess the consequences to her of challenging the boss.	Ellie:	Needs to consider what would happen if she did the right thing.

	3)	**How serious are the consequences if I act unethically?**		
		Reports by participants:		**Reports by participants:**
Diane:		I would run the risk of losing my job rather than report false information.	Les:	Check what the consequences are if it comes out in public that he's shredded documents.
Chris:		Check out the consequences of doing the wrong thing.	Irene:	Wrong thing in accounts will affect everyone's trust in her. Can she handle it?
Alan::		If consequences of doing wrong are severe, he'd have to see if he could live with what he's done.	Fran:	How much does she want the job? Must consider risks to her reputation if found out. Can she justify to herself saying nothing?
Helen:		If she thinks children deserve a language lab, she should not give [overpaid] money back to donor and use it to build the lab.	Ellie:	I wouldn't want to risk gaining a bad reputation for my actions.

	4)	**Would I be able to justify acting unethically?**		
		Reports by participants:		**Reports by participants:**
Gordon:		If you're brand new at the job you might be scared to do anything. Should try to justify to himself keeping the money. If it's my first job and it's happening all the time, I'd shred the documents.	June:	Can she justify doing nothing? Can he justify shredding papers and documents.
Chris:		If doing right results in serious consequences, can he justify doing wrong?	Fran:	I'd have to find a way of justifying wrong actions.
Les:		She'd have to ask herself if doing wrong is right and whether anyone would find out.	Alan:	Is anyone going to trust me again to audit? If I couldn't hack it I'd have to shred the documents. Is the victim [donor who has overpaid] well off? If he is, just keep the money.

	5)	**Are there alternative solutions?**		
		Reports by participants:		**Reports by participants:**
Diane:		If risks to herself are too great must try to find alternative solutions.	June:	Is there a middle ground? I'd look for any acceptable alternatives or coping strategies.
Chris:		Are there any alternatives? Any other way forward? Must think things through properly. Check facts again	Fran:	I'd draw up alternative ideas/plans.
Alan:		I'd look for another way to keep the money and do what's right.	Ellie:	What else can he do other than the thing causing his headache?
Les:		I'd try to see if there are potential alternatives.	Irene:	Look to see if there's any other way of going along.

<table>
<tr><td colspan="4">6)   Is there time to search for an alternative solution?</td></tr>
<tr><td colspan="2">Reports by participants:</td><td colspan="2">Reports by participants:</td></tr>
<tr><td>Diane:</td><td>Time may find a way to solve the dilemma.</td><td>June:</td><td>Is there enough time to make a decision?</td></tr>
<tr><td>Chris:</td><td>Is there time to do anything else?</td><td>Fran:</td><td>Is there time to write another report? Is there time to do it?</td></tr>
<tr><td>Alan:</td><td>If he's only got two hours to act he'd have a problem because he wouldn't know what to do and couldn't think properly about it.</td><td></td><td></td></tr>
</table>

Note: two participants reported that if the answer to this question was 'yes' then one should go back to checking the facts and begin the process again:
Chris: Go back to the start and do it again.
June: Go back to fact collecting bit.

Although this study was seeking to explore decision-making, was not seeking to generalise from participants' responses and not all participants reported all six steps, it was thought as a contribution to practice, it would be illuminating to further explore whether the above six steps could be arranged into a rational decision-making process. Often, participants reported their decision-making processes in convoluted and, what appeared to be, disordered fashion. This may perhaps reflect practice, as factors, antecedent conditions and cues (FACCs) often overlap and occur in contemporaneous fashion, thereby impacting in random fashion every stage of the decision-making process (Maclagan 1998). Add to this the prospect, as identified by participants in Section 4.2.5.4 p.189, for 'wild card reality' and there is a potential for complete disorder in decision-making in practice. However, one aspect was consistent across participants: every participant began their process with a consideration of the facts of the dilemma. If once checked, the facts are as presented in the original dilemma or, if once amended, a dilemma still exists, it is at this point that any decision model would begin to be operationalised. If the participant has misread the situation or, if once amended, a dilemma does not exist then perhaps, as Alan proposed, the participant "*should concede and apologise*". This finding, that there is at least some semblance of order in the decision-making process, militates against the potential for complete disorder and suggests that the apparent disorder in participants' reporting was perhaps the result of them being allowed completely free reign to report in whatever fashion

they liked. My experiences as an educator have taught me that accounting trainees prefer order to disorder. From this perspective and buoyed by the reporting of at least one semblance of order, the beginnings of a decision model can now be mapped. This is shown in Figure 4.15.

The foundation for this model, is the conflation of factors experienced by participants and demonstrated at Figure 4.12. Figure 4.15 shows that factors, antecedent conditions and cues (FACCs) impact at every point in the decision-making process. This is demonstrated by the left to right arrows.

Figure 4.15 First steps to operationalise an ethical decision-making model.
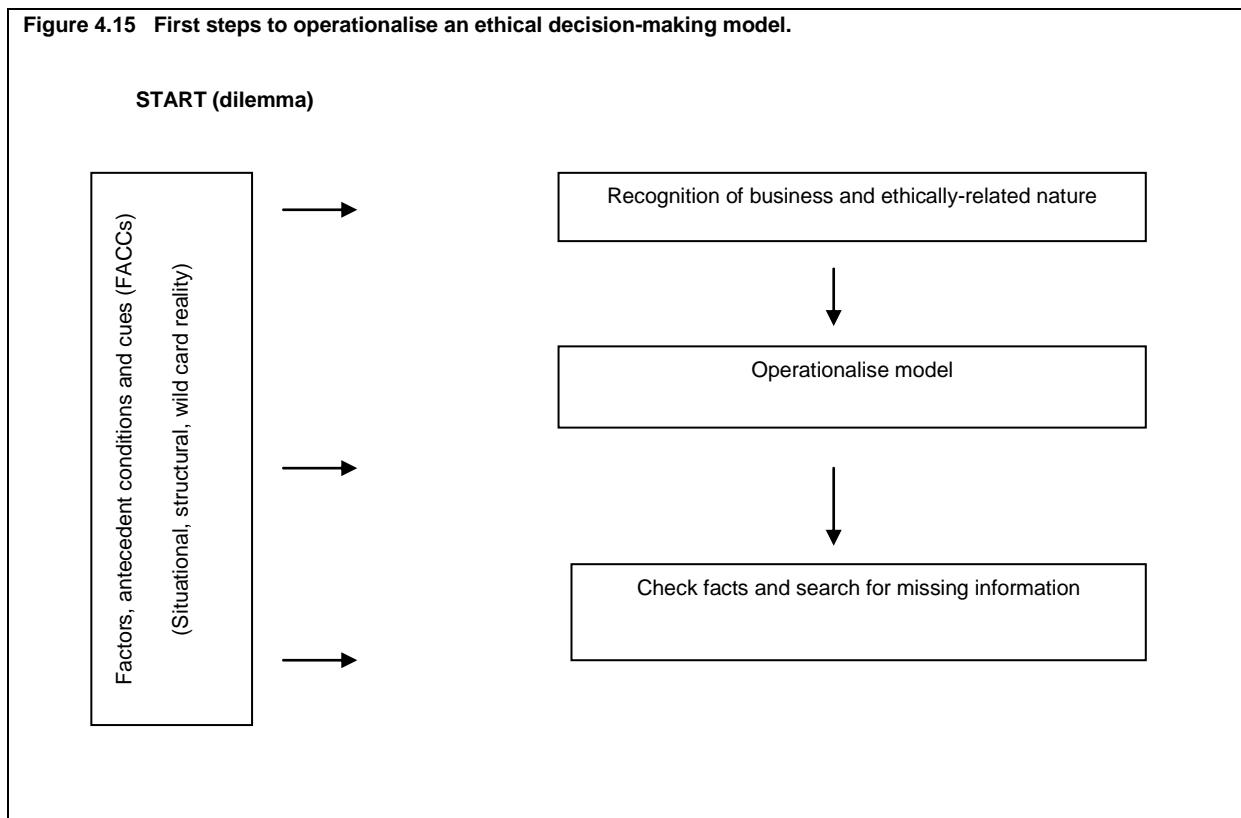
FACCs and aspects of dilemma recognition were discussed in Sections 4.2.1 to 4.2.4 and 'wild card reality' was discussed in Section 4.2.5.4. Table 4.12 shows participants' reported that facts should be checked in a number of ways. As the 'facts' in any dilemma would vary widely in their type and intensity, it is not the intention here to provide a listing, only to show the place of 'facts checking' in participants' reports. However, it is interesting to note the range of means by which participants reported that facts would be checked. These were:

- Confront instigator and ask for explanations
- Ask peer group for advice
- Research the law
- Consider consequences
- Consider: Is it his/her problem? Does he/she have to make a decision? Is it part of a much larger problem?
- Is the data correct?

The next aspect of the model's operationalisation was a matter of considering the six steps mentioned earlier. As this was a study of accounting trainees who sought to become professionals, it was essentially an exploration of the proclivity of students to act ethically rather than unethically. The vignette questions therefore began from that perspective. Therefore, in similar fashion, the next step in operationalising the model was 'How serious would the consequences be if I act ethically?'[121] Participants judged the seriousness of consequences within the context of factors, antecedent conditions and cues (FACCs). So an individual operating this model is likely to do likewise. The determining consequences could therefore be personal to the individual or those that impact on the organisation. In the 'disordered' world of ethical dilemmas, any combination of these FACCs would be possible. For instance an individual, say Jack, may see a risk to his livelihood if he acts ethically but a benefit to his employer if he doesn't; his professional or personal values may conflict with his aspirations within the organisation and; he may benefit from the dilemma's circumstances, but at the expense of others.[122] The existence of such conflicts was demonstrated in Section 4.2.5 p.172 with the participants' reports of 'tipping points'.

The next step in the decision-making process would then follow from the answer to that first question. If consequences from acting ethically were considered by the individual to be insignificant[123] then the decision outcome would be for the individual to act ethically; for instance, as June reported, "*She's (protagonist) not really being punished if she loses her job. She's acting honestly and she'll feel better for it*." June therefore judged the

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[121] Although it would be entirely feasible to begin the process with a concern for the consequences of acting unethically.
[122] As with the Faith, Simon and Mary vignettes respectively.
[123] That is in the context of any individual or combination of FAACs.

consequence of acting ethically, losing her job, as insignificant. However, if consequences were judged to be significant from acting ethically then the next, apparently natural step according to one participant[124], would be to consider the question 'What are the consequences if I act unethically?' As Chris reported, "*What are the consequences of doing the wrong thing?*" If consequences were insignificant then there would be the option of acting unethically, especially if the matter did not become public or 'consequences were tolerable'.[125] If the consequences of an unethical act are significant then participants reported that the individual must consider whether he/she is able to justify that act; for instance, "*If boss is wrong you tell her but if she wants to go ahead [with the unethical act] and ignore [you] then just stay quiet...she loses her job otherwise.*" (Helen). In this last participant quote Helen justified acting unethically because otherwise she would lose her job. The question in this next step then becomes: 'Would I be able to justify acting unethically?' Table 4.12 shows that participants reported this step using a variety of FACCs to justify unethical action, such as: inexperience, low threat of publicity and wealth of victim. At this point individuals may reach a decision outcome by engaging in what has been labelled by Janis and Mann (1977: 88) as a coping strategy of 'defensive avoidance', that is, "he will tend to bolster the least objectionable alternative, unless, of course, he believes he can safely postpone the decision or foist it onto someone else". If the individual cannot justify acting unethically, then before making a final decision participants reported that the individual would first consider, if there is time to do so, a search for alternative solutions. This search was reported by participants using various terms: "*other ways forward*" (Chris); "*another way to...do what's right*" (Alan); "*potential alternatives*" (Les); "*a middle ground*" (June); "*what else can he do other than the thing causing his headache*" (Ellie) and; "*other way of going along*" (Irene). This search was labelled by Janis and Mann (1977: 11) as "vigilant information processing" and would involve, if there was time to do so as proposed

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[124] Alan reported that "*Naturally you'd have to think about what would happen if you didn't do the good thing. ..I suppose it's ruining his life in a way..over just a dumb thing. You could lose...and the company could lose...could be put in jail...*"

[125] One of my 'Memos to self' on the Contact Summary Sheet concerning Gordon's reports noted: 'Would commit an illegal act – if consequences were tolerable'.

by Chris and June in Table 4.12, going back to the beginning of the model and re-examining objectives, consequences and facts as well as examining any new information. McDevitt *et al.* (2006:225) propose that "under ideal circumstances, an ethical decision will result if the information search is vigilant..." If there is no time for such a search then the individual must make a decision, which as reported by Chris may involve taking a decision by "*closing your eyes and hoping for the best*". Such a strategy may just as likely result in ethical action as unethical action. However, as the individual would have, by this stage, been unable to justify acting unethically, the decision outcome should be to act ethically. The complete decision-making model, as reported by participants, can now be demonstrated. See Figure 4.16.

The model below has emerged from analysis of participants' reports of their decision-making processes, and it should be noted that despite some participants, such as Helen, explaining their decisions, this study is not explanatory.[126] Therefore why participants chose one decision outcome over another is not the purpose of the study. However, as the model shows, factors, antecedent conditions and cues (FACCs), impacted every stage of the decision-making process. Perhaps one of the most important considerations when FACCs come into play, and one which is frequently the subject of many studies into an individual's moral judgement, is "the extent to which accountants [and accounting trainees] resolve dilemmas by reference to rules rather than principles" (Dunn *et* al. 2003). This is the purpose of research questions 2.1 and 2.2.

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[126] Helen reported she'd ignore codes and a requirement for honesty in the interests of saving her job.

Figure 4.16 An ethical decision-making model.[127]

START (dilemma)

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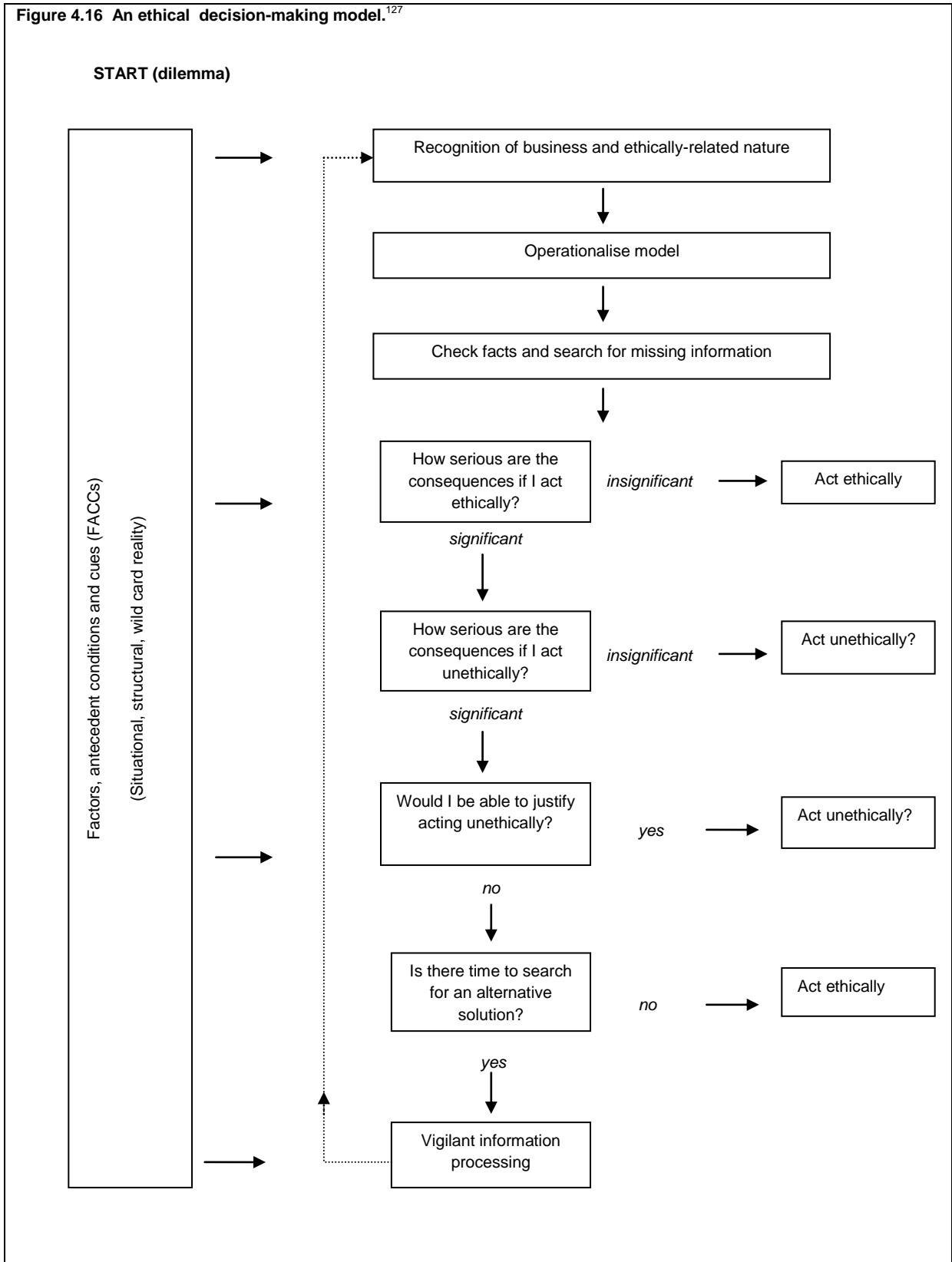
[127] Only one participant referred to a decision as being 'ethical' or 'unethical'. Therefore the 'act ethically' outcome is my own shorthand for 'act in accordance with own understanding of ethical demands'. Similarly 'act unethically' is my shorthand for 'act against own understanding of ethical demands'.

4.3   Research question 2: ethical stance of participants

Do individual trainee accountants demonstrate shared patterns of meaning in the context of ethical decision-making?

The decision-making model developed earlier and shown at Figure 4.16 allows for the possibility that accounting trainees may choose to act unethically. This may be motivated by the presence of a number of FACCs, such as perceived job threat, potential for personal harm or interest of the business. Clearly, in the absence possibly of mitigating 'wild card realities', acting unethically is not what the profession expects from its members. Both educators and the profession would hope that accounting trainees, as potential professionals, would choose to act ethically both during their education and in future. Indeed, Bebbington and Helliar (2004: 59) pointed to a finding in the behavioural literature that "past behaviour is often the best predictor of future behaviour. Thus if an accountant starts their career making ethically sound decisions, then there is a higher probability that they will continue to do so." It would therefore appear to be incumbent upon all involved in the training and education of accounting trainees to attempt to ensure that those trainees start their accounting careers with as high a level of ethical awareness as possible.

My own experiences as an educator have shown that whether an individual's decision outcome is ethical or not may very well be determined by the *way* in which he/she chooses to negotiate the many FACCs which populate any ethical dilemma. I have often found that students who look for answers 'in the rules' generally demonstrate a lower level of ability to use judgment and to discuss and 'work round' issues before deciding on a solution.[128] This was reflected in the literature review, Chapter 2.2 p.16, which discussed the growing acceptance, by both educators and the profession, of Harris and Brown's (1990) view that a professional's reliance on rules of behaviour rather than on principles of behaviour results in lower levels of ethical awareness. That professionals have a propensity to rely on rules has

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[128] This applies to accounting generally, that is, to both accounting practice and ethically related issues.

been supported by many studies (see for example: Dunn *et al.* 2003; Pincus 2000; Ponemon 1992); although other, albeit fewer, studies suggest the opposite.[129]

As participants were at the 'start of their careers' it was considered particularly illuminating to explore the ethical stances they reported in their decision-making processes. Research question 2 therefore asked 'Do individual trainee accountants demonstrate shared patterns of meaning in the context of ethical decision-making?'

4.3.1   Research sub-questions (RSQ) 2.1 and 2.2

What was the ethical stance taken by each student across vignettes and within vignettes?

Was the ethical stance taken consistent across students?

RSQ 2.1 involved a within-subject exposition of the ethical stance reported by each participant as a way of resolving each of the three dilemmas, that is, it asked 'What was the ethical stance taken by each participant across vignettes and within vignettes?' RSQ 2.2 then involved an exploration of those reports in answer to the question 'Was the ethical stance taken consistent across participants?' The research interest in this question lies in the notion that if students report a consistent principles-based approach across all vignettes, which were devised to represent the broad range of topics encountered as professional accountants, then they are demonstrating a greater degree of sophistication in their decision-making activities than those who report inconsistently, and are therefore more likely to make sound ethical decisions in their future careers. Since these two questions are so closely related, their analysis was conducted contemporaneously.

Interview transcripts were scanned in a systematic fashion to highlight the extent to which participants reported a principles-based or rules-based approach to their decision-making. The result of this scanning process is shown in Figure 4.17, which shows a summary of the ethical stances reported by participants when determining their decision-making processes.

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[129] For instance, Helliar and Bebbington (2004: 57) report that the decision-making approach most commonly described by participants in their study was principles-based, "although such [an approach is] at odds with the existing literature in the field."

Participants' actual reports are included more fully at Appendix 7 p.243. Table 4.13 contains examples, drawn from Appendix 6 p.240, which contrast the three possible approaches: principles-based, rules-based and hybrid. The hybrid approach occurred where participants reported inconsistency in decision-making approaches either within or across vignettes.

Within the context of the rationale for research question 2, it was surprising to find that, in accordance with Helliar and Bebbington (2004) and contrary to much of the literature concerning the decision-making behaviour of accountants and accounting students, all but one of the participants reporting a consistent ethical stance did so from a principle/virtue perspective.[130] The implication being that, following Harris and Brown's (1990) explanation, the ethical awareness of these participants was at a much higher level than the others. Following the behavioural literature as reported by Helliar and Bebbington (2004), this augurs well for the future ethicality of these participants. As this study was exploratory it wasn't possible to delve any deeper into participants' explanations for their behaviours, apart from noting as shown by Figure 4.10, the important place of professionalism and of participants' perceptions of it in their decision-making processes. However, such superficial explanations do point up possible areas for potential future research into reasons for acting ethically, whether in consistent or inconsistent fashion.

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[130] This was Helen. See Figure 4.17 which shows she consistently reported an ego/ self interest approach.

Figure 4.17   Summary of ethical stance of participants.

Legend: (WI = written interview FF = Face-to-face   SO = submitted online)   (vignettes: F = Faith   S = Simon   M = Mary)

Subject			Stance within vignette								
			Consistent						Inconsistent		
Participant (chronological order of interview)	Type of interview		Principle/virtue			Ego/self interest/financial consequences					
			F	S	M	F	S	M	F	S	M
Bob	WI		√	√	√						
Diane	WI				√				√	√	
Gordon	FF								√	√	√
Chris	WI								√	√	√
Alan	FF		√	√	√						
Les	FF		√	√	√						
June	WI		√	√	√						
Fran	WI		√	√	√						
Helen	FF					√	√	√			
Norman	WI		√	√	√						
Ellie	SO		√	√	√						
Irene	SO		√	√	√						

Participant	Vignette		
	Faith	Simon	Mary

Table 4.13 Examples of reports of decision-making approaches.

Participant	Faith	Simon	Mary
Consistent principles-based			
Bob	"should act with integrity always"	"Must do more than act honestly (must)..walk the talk."	"..having principles means having high moral principles. She's got a duty to be honest. If she didn't give the money back she couldn't call herself honest."
Alan	" She'd stand up for what she believed was right . Always".	"..have to do what's right..not just cos it's legal.."	"Accountants shouldn't just do rules. They should mainly do conscience if it lets them."
Irene	"Independence in fact and appearance is very important."	"(Being true and fair) is principle to try to achieve."	"..acting with integrity is a way of thinking, attitude of mind, and it shouldn't matter whether you're being paid or not."
Consistent rules-based			
Helen	"Not important for truth to come out always, especially if rules say otherwise, it can harm you and business.."	"..not morally wrong..(to follow company orders) because working under..manager... (so he's) powerless. In his mind..has made.. good decision."	"..a certain amount of dishonesty [refers to result of following company instructions] has a place in business...it's how business works."
Hybrid: inconsistent			
Diane	"..if she's a professional accountant, she's got to be seen to be honest." [PRINCIPLE]	"(Duty is to) provide a service to the public (which means) following the professional code". [RULE]	"Ignore professional codes if it means acting according to her conscience..to be honest." [PRINCIPLE]
Gordon	"rules are how they order their work. Nothing else" [RULES]	"..conscience is clear cos he's followed the rules to save his job." [RULES]	"Being a good person would count more than penalty of losing her job." [PRINCIPLE]

There was some concern whether type of interview and nature of vignette would have a distorting impact upon participants' reports. Type of interview appeared to have little, if any, impact as both written interview type and face-to-face type are represented in both consistent and inconsistent reports. It is possible that the non physical presence of the two participants who eventually submitted online, Ellie and Irene, could have had a bearing on their both reporting a consistent principle virtue approach, but as their online submission was due to unplanned local circumstances rather than choice, it was considered that their submissions could still be used in the analysis as fairly representing their particular views. However, the impact of interview type would an interesting topic to consider in a study of research methodology. As an educator who uses vignettes in the classroom, it is pleasing to

note that the nature of the vignette may have had little impact upon most participants' ethical stances, as all but three participants, Diane, Gordon and Chris, reported a consistent ethical stance both within and across vignettes. However, the fact that those three participants *did* report inconsistently cannot be ignored and points to possible further research into how vignettes are used in the classroom and for research.

5. Conclusions

5.1 Introduction

The purpose of this chapter is to review the study and to discuss its central objective which was to explore the decision-making processes of accountants in training. Throughout the thesis I have taken the opportunity wherever possible to offer my personal observations at the point at which those findings are introduced. This reflects my own writing and teaching style which is to 'observe and comment as I go'. Hence the inclusion of footnotes at appropriate points in the text. This chapter draws conclusions and discusses the implications of the various findings, observations and reflections. In essence the chapter serves as a closing statement "that reviews succinctly what has been attempted, what has been learned, and what new questions have been raised" (Wolcott 2009: 114).

Of course, researchers should always be aware that any attempt to explore the world is imperfect and that other researchers may explore the world in alternative fashion and thereby produce alternative findings and discussions. Therefore the chapter also outlines the study's limitations, how it may have been improved and how, by considering the study's boundaries, opportunities for further research can be identified. Contributions to professional practice, pedagogy, knowledge and theory development concerning the ethical decision-making practices of accounting students are also summarised.

5.2 Aims

The study aim was to explore the decision-making processes of the participants as they proceeded to make decisions when faced with three ethically charged and business related vignettes. The study's importance and contemporary nature was shown by the recent heightened awareness of, and interest in, accounting ethics as a result of high profile corporate scandals such as WorldCom and Enron. This interest is not a new phenomenon. The individual and situational variables which influence the decision-making of business

professionals such as accountants have provided the research topic for researchers from many disciplines for many years. However, whilst this research has proved valuable in identifying those variables, research had not attempted to map the step by step process by which decisions were actually made (McDevitt *et al.* 2007). This study contributes to knowledge in the field of accounting ethics by exploring that process for the first time.

5.3   Method

The qualitative interpretive method used to explore decision-making processes was also quite rare. Most empirical business ethics research would fall into Burrrell and Morgan's (1979) functionalist paradigm and is thereby positivist in nature (Brand 2009). This study was exploratory in nature and did not seek to establish *why* participants chose to adopt a particular ethical stance and decision process. In this fashion, it also contributes to methodological knowledge in the study of accounting ethics.

As the method chosen to conduct the study was uncommon in the context of accounting students' ethical decision-making, the opportunity was taken as the study progressed to reflect on the study's methodology. I have often found in my teaching that no matter how well planned a class may be, once the teaching act begins unpredictability and reflection follow. So it was with this study. As Johnson and Duberley (2000: 178) note, the aim of such methodological reflexivity is to improve research practice. Critical analysis was required because as a qualitative researcher I chose to be embedded in the research. As Crabtree and Miller (1999: 5) put it, the methodological issue is that in a qualitative study, the researcher is "personally engaged in an interpretive focus on a natural, often human, field of activity, with the goal of generating holistic and realistic descriptions and/or explanations…[t]he field is viewed through the experientially and perceptually limited lens of the researcher…". As the study progressed I reflected on method and on my behaviour in order to improve it. I achieved this by keeping a research diary, in which I noted thoughts and important observations as they occurred and by writing up field notes and contact

summary sheets as soon as possible after the contact. These records were read and re-read on a regular basis. As suggested by Miles and Huberman (1994: 280), "[g]ood qualitative research…requires careful record keeping as a way of connecting with important audiences…[t]he first audience is the self: The notebooks…help [researchers] keep track of what was done along the way, suggesting ways of improving next steps, and give reassurances about the reproducibility of the research". An example of a completed contact summary sheet, which shows how reflexive practice impacted on my behaviour, in terms of considering how to approach the following interview, is included at Appendix 3 p.235.

Personal reflections are included at Section 5.8 below.

5.4 Research questions: and answers

5.4.1 Research question 1

How do structural forces and circumstances impact upon individual trainee accountants in the process of making ethical decisions?

From the first research question six research sub-questions (RSQ) were developed. These sub-questions, together with a summary of the analysis and appropriate conclusions, are presented below.

RSQ 1.1 Did participants recognise the business related and ethically charged aspects of the dilemmas?

Contrary to some sources (see, for example Yuthas and Dillard 1999), all but one of the participants reported views about ethics prior to their exposure to the ethical dilemmas posed in the vignettes. These views were reported in a largely negative sense, that is, in terms of its complex nature and transparency. Others viewed ethics in more positive fashion in terms of its importance to their personal belief systems. One participant reported in terms of the lack of importance of ethics to business decisions. This was a worrying finding given that the study started from the premise that being ethical is 'good' practice. However, the report could not be explored further owing to the exploratory nature of the study. This ability to recognise

the ethical nature of dilemmas was also reflected by the findings once participants had been exposed to the vignettes. All reported either no difficulty, a little or just some difficulty in their recognition ability. A surprise finding concerned recognition of the business related nature of the 'cheating' dilemma. Some participants reported only a 50/50 or small chance that cheating would occur in business. However, as the dilemma involved a disadvantaged group, schoolchildren, I believe this may have been a response to the nature of the dilemma rather than to the concept itself.

On reflection then, participants had little difficulty in recognizing either the nature of ethical dilemmas or their place in decision-making in business. As an educator, I see this as a welcome finding, as it runs contrary to literature which suggests that at best accountants either take a neutral stance towards ethics or incline towards an amoral position (Fleming 1996).

RSQ 1.2 Was any information missing? What else would participants have wanted to know about the dilemma?

The findings show that every participant reported missing information. Figure 4.5 in section 4.2.2 p.136 shows that missing information ranged from 'alternative courses of action' to 'views of others'. The search for missing information was therefore a central feature of these participants' decision-making processes and confirmed Janis and Mann (1977) that decisions made in conflict situations are anchored in the individual factors, situational factors, antecedent conditions and cues concerning the dilemma. That is, ethical decisions resulted from careful consideration of all available information and are not made without such due consideration. Situations may arise where, as one participant reported, "*you close your eyes and hope for the best*", but this would only happen after all due process has been exhausted.

RSQ 1.3 Who else would be involved in the decision?

This question is a development from RSQ 1.2 and concerns that question's 'views of others' sub group. The ethics literature has researched the 'views of others' mainly from within an internal organisational context. However, contrary to the findings of this literature, participants reported that the views of internal organisational 'others' should make no difference to their decision-making. Participants reasoned this in the interests of acting independently and with principle. Views of internal organisational others would be considered simply as part of a process by which the facts are checked. Although, participants did concede the difficulty in ignoring such views, especially if inexperienced. This points to a need to introduce assertiveness training into curricula.

Fewer participants reported external societal influences, such as family and friends; although those who did, reported they had an important role to play in decision-making. This reflects the findings of Horvath (1995) and Maclagan (1998). The implication from these participants' reports is that family and friends have a much greater influence on decision-making than peers and work colleagues when dealing with business related ethical dilemmas.

RSQ 1.4 What other factors would influence the decision (for example experience, sense of professionalism)? How would the dilemma impact on the participant?

RSQs 1.2 and 1.3 concerned factors, antecedent conditions and cues (FACCs) absent from the vignettes, that is, missing information reported by participants as necessary as they worked towards a decision. RSQ 1.4 concerned another source of FACCs which essentially were not as external to the participant and related to conditions which fed into the decision process rather than being 'pieces of information', that is, they related to participants' views of self in terms of other factors that would influence their decision making. Four such FACCs were reported by participants.

F*irstly,* better ethics education would improve their ability to act ethically. Ethics education would be enhanced by increased emphasis on "*how to think ethically*", the "*clash between*

rules and principles" and "*how to tough it out*" when faced with a whistleblowing situation. These examples from participants' reports reflect the "general consensus" reported by Maclagan (1998: 183) that the traditional approach to teaching ethics, which is to focus on the application of professional codes and checklists , whilst providing structure and insight, does not go far enough in helping students to fully understand the full complexities of ethics.

Secondly, their beliefs of what it means to be a professional influenced their decisions to act ethically. This manifested itself in various attitudes to professionalism.

i.   They reported that enforceable codes of conduct should be challenged if they perceived them to be wrong or inappropriate. The traditional teaching of accounting in terms of rights and wrongs militates against this.

ii. They reported that honesty was a *prima facie* obligation of a professional. This is to be welcomed given the results of the Gallup Poll, shown in Table 4.5 p.161.

iii. Few participants referred to acting in the public interest when making their decisions. Roberts (2001) suggested that this could be due to an increasing emphasis on the commercial nature of accounting. Acting in the public interest is a main tenet of the accounting profession (IFAC 2009) and it is rather worrying it was given such scant regard by participants. McPhail and Walters (2009) suggest that the accounting profession has only recently begun serious discussion of ethics education. My hope would be to add to this discussion by re-emphasising the societal role of accounting to future accounting students.

Thirdly, participants' construed power in the decision-making process in terms of Maclagan's (1998) organisational control paradigm. This is the traditional view of power being exerted over one by another. This is despite the reports in (i) above of their belief in the need to take action if rules are wrong or inappropriate. This suggests they only had an implicit understanding of the way in which they are able to exert power over themselves in order to regulate their activities.

Fourthly, in a similar vein, participants reported that perhaps one need not act ethically if one was not responsible for the action. This is contrary to the view that individuals should not see themselves as isolated individuals and suggests that they would not have responsibilities to others in the community. This would not fit with Maclagan's (1998) autonomy paradigm. Such a lack of fit points to a potential failing by accounting degree programmes to develop graduates who can critically reflect on the extent of the contribution accounting makes to society and on what action to take when the values developed, possibly as a result, conflict with personal values (McPhail and Walters 2009).

RSQ 1.5 Was the ethical stance obvious or did participants have to work around the dilemma before deciding on their approach? (tipping points)

The search for missing information and influences in the above sub-questions signifies a mediating process by which individuals work through various issues before coming to a decision. This mediation process manifested in participants' reports at various 'tipping points', that is, points in their reports at which they transformed their decision-making approaches from rules-based to principles-based or *vice versa*. A great deal of empirical business ethics research for example considers *whether or not* the progenitors at these points are important to decision-making. This study considered the *extent* of that importance to the process. A number of tipping points and related progenitors were reported by participants which demonstrated that participants were not fixed immutably in their approaches and that they worked around dilemmas before making a decision. These tipping points provided a number of intriguing possibilities with implications for practice and pedagogy. *First,* Helliar and Bebbington (2004) proposed that if students enter the accounting profession making good ethical decisions, they are more likely to continue doing so during their future career. This suggests that past behaviour is a good predictor of future behaviour. However, a number of participants reported in contrary fashion. They reported that they would be unlikely to adopt a principles-based approach, and thereby incline towards virtue, until they had become qualified accountants. The implication is that they

would adopt a rules-based approach as trainees and not see themselves as being professionals, at which point they would adopt a principles-based approach, until they had become qualified accountants. *Secondly,* contrary to the literature which suggests that many see accountants as simply being involved in technical pursuits (McPhail and Walters 2009), one participant reported that to hold oneself out as a qualified accountant means much more than that. Others reported in similar fashion and expanded on that report to suggest that being a qualified accountant meant being visible as a principled person. The suggestion here is that *being* professional allows an individual to act with virtue. *Thirdly*, in a similar vein to the last point, some participants demonstrated an ability to reason about ethics, that is, in terms of what was morally right or wrong, but whether they then decided to act in an ethically right or wrong direction was dependent upon their view of professionalism. This suggests that in the context of acting professionally, that is from an Aristotelian perspective, individuals may be categorised into three groups: i) those who do not recognise the requirement to embrace principle and virtue, of which there were none in this study, ii) those who do recognise the requirement and then choose, for whatever reason, *not* to embrace it and iii) those who do recognise the requirement and choose *to* embrace it. Following from the previous point, participants as accounting trainees would follow ii), whilst participants as professionals would follow iii).

RSQ 1.6 What structure did participants use to proceed to a decision?

Ethical dilemmas can be complex, multi-faceted and multi-dimensional and are essentially "a matter of individual responsibility" (Maclagan 1998: 174). The dilemmas therefore appeared in unique ways to each participant. Some used graphics to explain their decision-making process, whilst others used numbered lists or narrative. However an important observation was that they all demonstrated semblances of a process. By using the inductive pattern coding approach of template analysis it was possible to determine common decision-making themes from these reports. Starting from the perspective that to operationalise an ethical decision model, a professional's first question should concern ethical action, these themes

were then ordered into a series of progressive steps. The final model was presented at Figure 4.16 p.199. Despite its inductive descriptive origins, the model is strikingly similar to the normative ethical decision-making model developed by McDevitt *et al.* (2007) (MAC), building on Janis and Mann (1977) (JM). This similarity points to a core process lying at the heart of ethical decision-making. All three models presented three main sections at their cores: 1) factors, antecedent conditions and cues, 2) mediating process, and 3) decision outcomes. The differences lay in emphasis and operation. For instance, the JM model only concerned individual variables, whereas the other two considered situational and 'wild card reality' variables. The MAC model is divided into two phases, one concerning simple dilemmas and the other more complex dilemmas. This study, as with the JM model, did not discern such a divide in participants' reports. Also, as with the JM model, participants reported concern over whether there was time to find an alternative solution; a step not included in the MAC model.

5.4.2 Research question 2

Do individual trainee accountants demonstrate shared patterns of meaning in the context of ethical decision-making?

From the second research question two research sub-questions were developed. Due to their proximity they are discussed together below.

RSQ 2.1 What was the ethical stance taken by each participant across vignettes and within vignettes?

RSQ 2.2 To what extent was each ethical stance consistent across participants?

Contrary to a great deal of literature which claims that the resolution of ethical dilemmas in the accounting profession has become a process of rule-following (Dunn *et al.* 2003; Dillard and Yuthas 2002), this study found that accounting trainees were inclined towards a principles-based approach and that, as shown above, if rules were followed it was mainly because they were reporting as trainees rather than as professionals. Participants reported that had they been the protagonist in the vignette, they would have adopted a principles-

based approach to their decision-making. This can only be good news for the accounting profession who, despite appearing to require a mixed rules/principles approach in its various professional codes, promotes the principles-based approach as an aspiration for its members.

5.5 Contributions

This thesis makes demonstrable contributions to practice, pedagogy, knowledge and theory development. Each will be outlined separately.

5.5.1 Contribution to practice

In March 2010 I was invited to attend the Institute of Chartered Accountants of Scotland (ICAS) annual two-day Research Development Programme. This provided the opportunity to present research to a team of ICAS academics and to receive individual feedback. Attendance on the programme was dependent on submission of an acceptable research abstract. Given that the first three policy objectives ICAS uses to consider application for research funding are: 'ensuring accountants act in the public interest', ensuring accountants act with ethics and integrity, and 'supporting principles rather than rules, and the exercise of judgement', it is clear that in the view of ICAS judges this study has a considerable contribution to make to practice. Indeed, Angus Duff, the ICAS research director who chaired my presentation said to me "this is a top project…ethical abilities are urgent and important priorities". He also suggested I should "come back once near finished…perhaps a seedcorn or small project grant may be available to turn it into a paper".[131] If this is indicative of the profession's level of interest, then this study does have the potential to make a significant contribution to practice, both through further research involvement with the profession and through conference papers and journal publications.

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[131] These are the verbatim comments I noted at the time.

5.5.2 Contribution to pedagogy

5.5.2.1 The model

The model developed at Figure 4.16 p.199 can be used in a classroom to explore how accounting trainees construe and think about their ethical decision-making processes. It can help them to describe overtly the process in a multitude of ethical dilemmas, thereby providing the possibility of fixing particular issues for further examination and discussion. The model is neither rules-based nor principles-based. Indeed it shows that it is possible for individuals to choose to act against their own understandings of ethical demands.[132] The issues for further examination and discussion would include internal and external rules, professional codes and values, expectations of behaviour, decision choices and other variables, together with 'wild card realities' included in the factors, antecedent conditions and cues (FACCs) which pervade every aspect of the process.

The starting point then is the existence of a dilemma which is recognised as being ethically charged. From this point the individual would check all the facts and search for missing information. Note that this would not occur only at this stage. An individual may return to such checking and searching at any point in the process. It would be expected that such check and search would become more vigilant the deeper the individual moved into the process. The individual would first ask 'How serious are the consequences if I act ethically?' How serious a risk is, would be determined by a consideration of FACCs. Whichever FACC, or combination of FACCs, dominates would determine action. For example, if an accountant perceived the most serious consequence was that he/she would lose his/her job from acting ethically, he/she would move on to the next question. Otherwise he/she would act ethically. Of course, this model would not tell the accountant what is a serious consequence. That is where he/she must use judgement as proposed by Maclagan's (1998) judgemental

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[132] To recap, as outlined in Section 4.2.6 p.183, only one participant, Ellie, reported decisions in terms of acting 'ethically' or 'unethically'. In the model therefore, 'act unethically' is used as my own shorthand for 'act against own understanding of ethical demands'. In similar fashion, 'act ethically' is used as my own shorthand for 'act in accordance with own understanding of ethical demands'.

paradigm. It would be hoped that education would improve this ability. At the next point, the accountant must decide 'How serious are the consequences if I act unethically?' He/she would again bring FACCs into the process. If the accountant thought that losing his/her job was still the most serious consequence and outweighed, for example, acting with professional virtue, he/she would act unethically. However, at this point, it may be that the accountant considers professionalism is more important and that, as shown by participants' tipping points, perceives virtue as more important. It may be tempting at this point to determine that he/she acts ethically. However this was not what was reported by participants. They suggested that the accountant would then move to the next point, which is to ask 'Would I be able to justify acting unethically?' For instance, some participants reported that at this point one might act unethically if one's life was in danger[133]. If the answer to the question is 'yes' he/she would act unethically. If 'no', participants reported that, due to uncertainties, the accountant would ask 'Is there time to search for an alternative solution?' This would be particularly the case if the dilemma was life threatening. At that point, participants reported that the accountant would conduct an even more thorough "vigilant information processing" (Janis and Mann 1977) operation and return to the start.

The model developed from participants' reports therefore allows an individual student to map his/her decision processes in the 'disordered' world of ethical dilemmas and makes the FACCs which impact upon the decision and the choices made more transparent. Satisfying one of participants' reported tenets of professionalism, that is, the need to make the decision process more visible, is therefore achieved. It would also be possible for academics to introduce 'wild card realities' into scenarios thereby exploring students' abilities to work through decisions in as real a scenario as possible.

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[133] Participants were informed at the pre-interview briefing that dilemmas were specifically not life threatening. However, some mentioned this in their reports and so is mentioned here.

5.5.2.2 Vignettes

The vignettes proved to be an extremely useful method for eliciting participants' decision-making. In keeping the vignettes purposefully short, participants were able to amplify their reports in any way they wished within the vignette's context. This would be useful in my classroom teaching for exploring sensitive topics that students would not otherwise wish to discuss. The classroom cannot replicate practice and there is an obvious tension between belief and action. However, by allowing students to report in the abstract, it may allow for opportunities to report in the particular, if they so wished, to illuminate those reports. This would bring the reports much closer to practice by promoting Maclagan's (1998) view that vignettes would help students practice acting as if they were the actors in the story. The need to develop suitable vignettes for teaching purposes was reported by Falkenberg and Woiceshyn (2008: 216) who posited that the difficulty students face in acquiring a dynamic understanding of ethics is compounded by the lack of suitable "current case" material. I would therefore seek to help assuage this difficulty by publishing the vignettes.

5.5.2.3 Structuration theory

The reference to 'suitable' case material above is a reference to the fact that those texts which do provide cases (see, for example, Molyneaux 2008) have as their objective the assistance of readers in identifying the possible significance of the ethical features of the case or vignette. This is the traditional approach to teaching ethics and is usually grounded in professional codes. This is reflected in students' expectations. However, participants were shown as having entered university with a sense of ethics already established. Further I find that there is an initial expectation that any changes to that sense will be 'learned up from a textbook'. For example, traditional teaching presents decision-making in a formulaic way, in that students need to identify: key parties, what the code contains, what further information is necessary and whether a solution is possible. Participants' reports show they go beyond this traditional view of decision-making and is why these traditional aspects make up only part of the model developed in this study.

The ethical decision-making model reported by participants parallels the normative structuration-informed framework developed by Yuthas and Dillard (1999: 345) and posited by them as a useful means by which ethical dilemmas can be analysed. They argue that the traditional approach, based on deontological and/or teleological theories are too restricted, in that, analysis is focused on 1) the circumstances of the dilemma as it exists at the time it is recognised, and 2) on the consequences that are expected immediately the dilemma is resolved. As noted at section 3.4.2 p.96, structuration theory promotes the view that agents, such as students, and structures, such as the profession, are intertwined so that structures are created and reproduced by the actions of those agents. Without agents there would be no structures. The model reflects this in that FACCs, which create the present structure and are present leading up to the dilemma, will be analysed as will the consequences of resolving the dilemma in a particular manner, that is, the effects resolution will have on the ongoing structures. For this model to have a place in the curriculum, structuration theory will have to be introduced into the teaching of ethics.

5.5.3   Contribution to knowledge

This study is the first of its kind to explore the decision making processes of accounting trainees using a qualitative framework within an interpretive methodology. It has resulted in a number of new findings which make both a contribution to knowledge and a challenge for further research. I would highlight five as being of particular importance:

1. Whilst participants have reached a wide variety of substantive conclusions in response to ethical dilemmas the process by which they have considered these dilemmas is notably similar. (5.4.1 – RSQ 1.6)

2. In contrast to the accepted literature participants were inclined to use a principles-based rather than a rule-following approach to the resolution of ethical dilemmas (5.4.2 RSQ 2.2)

3. A wide range of 'tipping points' have been identified. These are considerations which led participants to change their understanding of the ethical dilemma (5.4.1 RSQ 1.5)

4. Of the range of identified 'tipping points' noted above, a significant role is played by the notion of 'professionalism' both in terms of what participants' reported as being required/expected of themselves as professional actors (for example, to act with honesty) and in terms of their capability to resist organisation pressure to act against what they take these professional expectations to be (for example, an individual not acting with integrity until qualified because he/she is a trainee). These distinctions are only available given the understanding of participants of a distinction between what the ethical requirements are in a particular situation and whether they would, or believed they could, act in line with these requirements. (5.4.1 RSQ 1.5 and 5.4.2 RSQ 2.2)

5. The development of a model which illustrates the process of ethical decision-making by accountants in training (Figure 4.16 p.199).

5.5.4   Contribution to theory development

By completion of this thesis, my search for an appropriate theoretical insight into the ethical decision-making of accounting trainees has only just begun and will likely occupy my research interests over the remainder of my academic career. Thus the findings of this thesis are not only of significance to practice, pedagogy and knowledge, they are of great personal significance too. Thus it is hoped that this thesis will add to an accumulating body of knowledge concerning the ethical decision-making processes of accounting trainees, as implied earlier in Section 5.5.2.1 when addressing the model's contribution.

This study confirms the relevance of Maclagan's (1998) autonomy paradigm and dialogic mode to the teaching of business ethics and has also confirmed the relevance of the core principles of Janis and Mann's (1977) general conflict theory and the normative model of McDevitt *et al.* (2007) to the decision-making processes of accounting trainees. The study rejects the generally held view that most accounting trainees are rule-followers.

The finding that participants' reported tipping points at which they acted contrary to their own understandings of ethical demands dispells two notions some students entertain concerning business ethics: 1) that an individual is either ethical or not and 2) that development of an individual's ethical awareness is only the responsibility of schools and universities. Further, the reporting by some participants of the influence on their decision-making of family and friends helps to dispel the notion that ethics in business is somehow different from ethics 'in the home'.[134]

5.6 Limitations of the study

This study was informed by a relativist ontology, in that 'truth' was constructed, an empiricist transactional and interpretive epistemology, in that 'what is known' was the result of interaction between myself and participants' reports and a qualitative methodology, in that data was collected from transcriptions of interviews which uncovered *how* participants made decisions. As acknowledged earlier in section 3.1 p.63, the interpretive paradigm requires that researchers are clear about their impact on the study, that is, the role they play in generating the findings and about the process by which they reflect on their own actions and values during the research. For instance, as a member of academic staff in the university in which the research took place, my presence may have impacted on the study. This process, known as reflexivity addresses potential limitations and was discussed in Sections 5.3 above concerning method and is discussed at 5.8 below concerning personal reflections.

For a few participants English was not their first language. Therefore, despite the university's minimum language proficiency levels required for admission onto their study programmes, it is possible that some participants may have had a greater understanding of the vignettes' features and of the questions than others. To some extent this was addressed by giving participants, including those for who English *was* their first language, time to reflect and to ask questions before, during and after interviews. This included the exhortation 'Tell me if I

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[134] The discussion of these notions was included at Chapter 2.10.3 p.60.

have misunderstood you', used for instance when recording responses during feedback sessions. So as not to influence reports, any explanations were purely linguistic in nature, for instance, when explaining the phrase 'toe the line'. However, it is possible that some participants did not take advantage of this opportunity and their reports were less fulsome as they might have been.

A potential limitation arises due to the choice of research instrument. Although the interview is "the most common method of data gathering in qualitative research" (King 2004[a]: 12) it was new to this researcher in this context. Despite coverage of the topic during the taught phase of my DBA programme, many practical issues had to be faced 'on the job'. For instance, how to deal with uncommunicative/over-communicative participants proved to be learning points. The limitation arises because such participants under/over report their responses thereby resulting in not enough/too much data. Tactics had to be imposed 'on the spot'. For instance with the uncommunicative participant I found that silence on my behalf at appropriate points was often a good tactic to use to elicit further response. With the over-communicative participant I found the best tactic was to pause at an appropriate point and suggest 'Great. That was interesting. If we could just go back to….' Although semi-structured interviews were used thereby ensuring data collected was relevant to the study questions, I am ready to concede that, as a relative novice, I may have missed some of the participants' nuances which would have perhaps added more depth or illumination to their reports of decision-making processes.

5.7   Directions for future research

The research activity has been likened by some to completing a jigsaw puzzle.[135] As each piece is apprehended a more complete picture of, in this case, decision-making emerges. One's own research provides one piece of the puzzle. This study has raised a number of

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[135] Comment from an attendee at one of Newcastle Business School's regular research surgeries.

interesting issues which, in the interest of providing further 'pieces of the puzzle', are worthy of further study.

5.7.1 The model

As noted above in Section 5.5.2.1, classroom use of the model would provide a great many interactions. All of these could provide a basis for future empirical research. For example, the discussion of participants' tipping points in Section 5.4.1 p.212 concerning their views of professionalism points to an interesting research topic concerning the role of professionalism in inclining students and/or accountants towards virtue when making decisions. This would be consistent with Maclagan's (1998) ideas of ethical decision-making in organisations, in that, the model would make transparent the process by which individuals engage in and with their moral communities, thereby allowing organisational programmes to be developed that enhance an individual's decision-making.

5.7.2 Longitudinal study

This study is an adaptation of structuration theory in that, as if taking a still photograph at a point in time, it takes a cross-sectional view of participants' decision-making. To complete the understanding of their decision-making, a longitudinal view would be necessary. That is, participants would be re-interviewed, having completed a period of work experience, to study its impact on their decision-making processes. Participants were asked to consider this as a possibility at the time of their interview and all agreed to provide contact details in the event that further research was undertaken.

5.7.3 Deviant case

As this study was exploratory in nature, explanations for any 'deviant cases' were not developed. However, it was intriguing to note that one participant reported that business ethics should take a 'back seat' to the interests of the business. Could it be that, despite an ethics education, some students believe that ethics is something 'to be learned from the

book', in this case for exam purposes, and then forgotten about when entering practice? Clearly in this study the majority thought otherwise. Nevertheless, the extent of cases would be a worthy topic for further research.

5.7.4   Vignette: nature and framing

The vignettes in this study were of three types to reflect the range of possibilities an accountant would face in practice: financial reporting irregularity, auditing irregularity and cheating in the public sector. It occurred to me during exposition of the 'Knobe effect', which implies that answers to questions may vary depending upon how they are posed, that participants' experiences of ethics may vary depending upon the nature and framing of the vignette.[136] For example, the public sector vignette involved schoolchildren being disadvantaged whereas the auditing irregularity involved the illegal shredding of documents. Participants may have been more ready to sanction an unethical act in the former than in the latter. To counter this, at points in their reports at which they appeared to be closer to one dilemma than another, I asked them to self-reflect by asking questions such as 'How do you feel about that?' The nature of an issue and its framing are "relatively new topics for investigation" (Loe *et al.* 2000: 199) and an "emerging strand of research" (McPhail and Walters 2009: 35). They are interesting directions for further study,

5.8   Personal reflections

Section 5.3 above referred to methodological reflexivity. However, unless made explicit, there was a danger that my own belief systems may have been hidden from the study in such a way that their impact went unobserved. Therefore, in addition to use of the reflective methods already outlined, that is, my research diary and the writing up of field notes and contact summary sheets, I also annotated transcripts and field notes alike at appropriate points with 'memos' and 'notes to self' concerning my own belief system. I also ensured that during interviews, participants were only asked to report within the confines of the study.

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[136] The Knobe effect was addressed earlier. See Box 4.1p.133.

That is, the study is exploratory, so I consciously guarded against asking them to explain any of their reports when they clashed with my own belief system. For example, at one point participant Helen reported that a certain amount of dishonesty is acceptable if it is good for the business, that is, "*a certain amount [of dishonesty] is how business works*". This is not what I personally believe. However, rather than ask for an explanation and thereby give a verbal clue that I didn't agree, with the possibility of data contamination, I asked her to determine the meaning of a 'certain amount' and thereby continued the interview on the basis of decision-making processes, that is, on the basis of the study's exploratory theme. The aim was to allow for a critical analysis of the possible impact on study outcomes of my own "social and historical biography, experiences and paradigm" (Bryans *et al.* 2002). This is referred to as 'epistemic reflexivity' (Johnson and Duberley: 2000: 178). The danger that my taken-for-granted assumptions concerning accounting practice and accounting students may contaminate the data was very real due to my long exposure to accounting practice as both educator and practicing professional. This was countered by the above actions.

It is appropriate to point out at this juncture that participant reflexivity was also allowed for by affording them with opportunities to provide feedback at the end of the interview process. (See the final two steps in the interview process at Table 3.1 p.90).

5.9   Were the objectives achieved?

This thesis set out to achieve the following objectives (See Chapter 1.3 p.12) and did so as shown by the associated references.

1. *To conduct a critical review of the accounting, philosophical and psychology literatures concerning accounting and business ethics to confirm the identification of a gap in the literature.* This was achieved as addressed in Chapter 2 Literature Review.
2. *To design a qualitative research methodology to explore the gap in the literature mentioned above and thereby make an original contribution to knowledge.* This was achieved as addressed in Chapter 3 Methodology and Research Design.

3. *To make an original contribution to the development of a theory concerning the ethical decision-making of accounting trainees*. This was achieved as addressed in Section 5.5.4 above.

4. *To make an original contribution to practice by discerning shared patterns of meaning concerning participants' decision-making processes.* This contribution was achieved as addressed in Chapter 4 by analysing the empirical data and synthesising with the ongoing literature review using thematic analysis applied through template analysis and is addressed at Sections 5.5.1, 5.5.2 and 5.5.3 above.

5. *To further my personal interest in the ethical behaviour of accountants in training.* This objective permeates all parts of the study, but is especially addressed at 5.5.4 above.

Appendices

Appendix 1   Informed Consent Letter

Newcastle Business School

Peter Hughes MA FCA
City Campus East
Newcastle upon Tyne
NE1 8ST

Tel 0191 227 3928
Fax 0191 227 3303

2 April 2008

Dear Newcastle Business School Accounting Student,

As I mentioned in my lecture on 28 March, with support from my supervisor Ronnie Beadle, I am currently engaged in a research project relevant to my doctoral studies. **This letter is sent to ask for your help with my research.**

Shown below is my research question as it stands at present:

'How do future business practitioners describe their decision making processes in the context of ethical dilemmas and how do those descriptions change over time?'

The purpose of my research is to learn how you (as a 'future business practitioner') would resolve business related ethical dilemmas and whether those processes change as a result of exposure to the world of work. The aim is both pedagogical, in that it will enhance our teaching of ethics; and discipline-based, in that it will enhance our understanding of how accounting students react to ethical dilemmas both before and after entering the world of work. This issue is of growing importance both to professional accounting bodies and to business school accreditation bodies such as AACSB International (The Association to Advance Collegiate Schools of Business).

If you agree to become a participant you will be involved with **one** of the following:
▪ Individual interview
▪ Individual written response/interview
▪ Focus group interview (four members).

It is anticipated that whichever method you are involved with will take up no more than 90 minutes of your time. Sessions will be held during the three weeks following the Easter break – or later if more appropriate or convenient. **Note you do not have to participate. Your participation will be completely voluntary for the sole purpose of my research project and any related academic publications. Compensation cannot be offered for your participation. Participation is not a requirement of NBS and will not affect your grades or status. Also, if you do agree to participate, you are entirely free to change your mind later.**

If you agree to participate, you will be given three vignettes (very short descriptive illustrations) and asked for your thoughts on how you handle the problems posed. They have been written to establish how you think about ethical dilemmas in business. As accounting students in your final year you will be able to provide me with significant and relevant information on this because you are preparing to become professional business practitioners

with leadership capabilities. As noted above, for both pedagogical and discipline-based reasons it is important that we understand how potential professional practitioners and leaders think about these issues. However, it is also important you understand that these vignettes will ask for your personal thoughts on some challenging and thought provoking situations and that **you will not have to answer any questions that you do not wish to and may terminate the interview, leave the focus group or stop writing at any stage**. Following each session, if you wish to discuss the issues raised then facilities will be available to you; such as the University Chaplain, Student Services and Guidance Tutors.

Anonymity:
- *Individual interview:* your personal responses will be electronically recorded and then transcribed. Recordings and transcriptions will be kept in a secure place and will be accessed only by myself.
- *Individual written response*: your written responses will be kept in a secure place and will be accessed only by myself.
- *Focus group:* group discussions will be electronically recorded. Recordings and transcriptions will be kept in a secure place and will be accessed only by myself.
  It is anticipated that composition of the focus groups will follow the familiar pattern established in your module FN0346 in which groups of four were set up for the purpose of conducting your pre-presentation research. If you have any views or comments about this or about the group's composition then please make comments below.

As indicated earlier I would like to repeat these sessions in one year's time – after you have experienced a year in the world of work. To facilitate this (especially with the focus group), it would help if you could provide me with some contact details. Note: if you anticipate living overseas then 'individual written response' may be the preferred method for you.

In all cases your response will be anonymised by code/nom de plum. Only I will be able to connect this code/ndp to you personally.

During taped sessions, you will be given the opportunity to record over any of the responses. You will also be offered transcripts of the activity to correct any errors.

Confidentiality:
- *Interviews and written responses*: data collected will not be passed on to any other person or for any other use.
- *Focus groups*: as this involves a group of people, participants are asked to understand that, although I will make every effort, confidentiality cannot be guaranteed; although I can guarantee that I will not pass on any of the data collected other than in an anonymised form.

Procedure

1. **Save a copy** of this letter for your personal records.
2. In your saved copy, **put a 'x' in the box below** to tell me whether or not you would like to participate.
3. Let me know in an order of 1 (being most preferable) 2 (next most preferable) and 3 (least preferable) **which method you would prefer to be involved with.** Depending upon numbers etc I may ask you to become involved in a method other than the one you would prefer – which of course you may decline.
4. Write down **any comments you may have about the use/composition of the focus group.** I will keep these absolutely private.
5. Let me know **when involvement would be most convenient to you**.
6. Write down the **contact details** through which I am most likely to be able to contact you again in one year's time.

7. **Sign and date** the letter
8. **Save the amended letter.**
9. **Send** it to me by e-mail. So that I can arrange suitable sessions, could you please do this as soon as possible.

If you have any questions then please do not hesitate to contact me.

If at any time you are unhappy about any aspect of this research and wish to register a complaint, the person to contact is:

Prof Brian Snowdon
NBS Academic Support Office, Room CCE1 224
Newcastle Business School
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Thank you very much for your time.

Peter Hughes
0191 2273928
peter.hughes@unn.ac.uk

RETURN INFORMATION

I have read the information above and **I voluntarily agree to participate** in the research.	

I have read the information above and **I choose not to participate** in the research.	

Method I would prefer to be involved with in order of preference – 1,2,3 (1 being the most preferred)	Individual interview	
	Individual written response	
	Focus group of four persons	

Please give an indication of when involvement would be most convenient to you (eg..dates/time/pre or post exam etc)	

Contact details through which I am most likely to be able to contact you again in one year's time.	Address	
	e-mail	
	Mobile number	

Signature:

Date:

Newcastle Business School

April/May 2008

Individual Interview   Interview
name……………………………………..

Instructions

This research study is concerned with how you resolve an ethical dilemma in a business context. Three vignettes (brief stories) will describe a challenging professional and organisational dilemma. After each vignette there will be a series of seven short questions which represent the different ethical issues that might be raised by each dilemma. These questions are designed to get you to think about what is important in resolving each dilemma. An eighth question will then ask you outline the steps in the process you feel are necessary to resolve each dilemma. I am primarily interested in your answer to this eighth question. Very short answers may not give me the detail I am looking for so please elaborate fully. Please do not compare answers between vignettes.

Procedure:

5-10 mins: Explanation of procedure. Do you have any questions?

            Please write your *interview name* on the top of this paper.

As noted in the informed consent letter, the session will be tape recorded so that I can refer back to it when I write up my findings. If you feel uncomfortable with this please say so and you will of course be allowed to leave. When you are talking please speak up for the purpose of the recording. Please say exactly what **you** think and don't worry at all about what I or anyone else might think.

Each Vignette:

5-10 mins:

- Use the space under each of the seven short questions for brief personal notes but please make these legible.

- Outline the steps you feel is necessary to resolve the dilemma. Again, please make these legible.

45-50 mins:

- Interview

FAITH

Faith worked in the corporate reporting division of a large profitable telecom company. She was part of a small group asked to write a report with recommendations on how to account for the future costs to be incurred in restructuring a recent major acquisition. Her boss told the group that he was certain the answer would be to show the costs as expenses of the current accounting period. The result being bigger losses in the current period but much smaller ones in future; thereby making the company's profits profile appear to be improving.

Faith and a colleague made all the necessary inquiries and established conclusively that the costs should be ignored entirely until they were actually incurred - in the future. As she began work on her report she was told that the solution had been found. Another report, written by her boss, emphatically recommended including the costs as expenses of the current period. All of the data from her inquiries had been re-interpreted to fit her boss' recommendation and some of the data, which conclusively supported her own case, had been omitted. The report therefore 'proved' categorically her boss' case.

1. Should the fact that she would be challenging her boss have any impact on her decision?

2. Should Faith do everything she can to tow the corporate line and to support her boss?

3. Should Faith contradict the report if it had been written by her colleague?

4. What difference would it make if large losses in the current period caused redundancies and human suffering?

5. Clearly the data in her boss' report is incorrect. Is Faith morally wrong if she fails to challenge her boss?

6. How important is it for Faith to do everything she can to have the truth known?

7. What else would you have wanted to know?

Place a tick in a box to express your **difficulty in understanding** the relevance of these conflicting issues in the world of work. 1 = none, 2= a little, 3=some, 4=a lot, 5= great difficulty.	1	2	3	4	5

What is the **probability** that these conflicts will arise in the world of work? 1= extremely high, 2= very high, 3=50/50, 4= small, 5=none.	1	2	3	4	5

8. What should Faith do? Making a 'good' ethical decision requires sensitivity to ethical issues and a well structured process for exploring the ethical aspects of the decision and balancing the various opinions (as shown in the seven questions above) that will affect the choice of a plan of action. Outline the steps she should take to reach her decision; eg what should she do first, then what, then what…………..

SIMON

Simon worked for a medium-sized firm of auditors and was busy conducting the annual audit of the subsidiary of a US company. During his work he found that the subsidiary had been involved in setting up a separate special purpose company, designed to allow the holding company to leave millions of dollars of liabilities off its consolidated balance sheet. Under the terms of relevant International Financial Reporting Standards this accounting practice would most likely be deemed 'illegal'.

Simon copied the relevant documents and took them together with his working papers to his audit manager. The audit manager said to Simon, "The US holding company is a big player with powerful friends; some of whom are, or we hope will become, our clients. One thing you must learn is that we simply cannot afford to lose clients of that nature. Put all of your papers and documents through the shredder."

1. What if Simon's career would be threatened if he refuses to shred the documents?

2. Should Simon do anything he possibly can to advance his career?

3. What should Simon do if one of his fellow workers advises him to shred the documents?

4. What impact would the fact that the accounting practice is 'illegal' and his duty as a professional auditor have on Simon's decision whether or not to shred the documents?

5. Destroying these documents would cover up an illegal practice and would be contrary to his professional institute's codes. Is Simon morally wrong to shred them?

6. How important is it for Simon to do everything he can to follow his conscience?

7. What else would you have wanted to know?

Place a tick in a box to express your **difficulty in understanding** the relevance of these conflicting issues in the world of work. 1 = none, 2= a little, 3=some, 4=a lot, 5= great difficulty.	1	2	3	4	5

What is the **probability** that these conflicts will arise in the world of work? 1= extremely high, 2= very high, 3=50/50, 4= small, 5=none.	1	2	3	4	5

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MARY

Mary acts as one of the part-time and unpaid governors of her old school. It is a prestigious school with a good reputation. Her main job is to prepare the annual accounts ready for audit by a professional firm of accountants. During the current year the school received a donation towards the building of a new language laboratory that, owing to an administrative error by the donor, was three times the amount asked for.

The donor has yet to notice his mistake. If the overpayment is returned the language laboratory cannot be built. Most of the other governors are in favour of doing nothing. One of them has told Mary, "The auditors will not know there has been an overpayment unless they ask the donor and he has so much money he will not miss it. Most of the board of governors believe fervently that children need to learn a foreign language."

1. What if Mary's role as governor was threatened by her refusal to do what the other governors want?

2. Should Mary do everything she can to further her 'career' as a school governor?

3. What difference does it make that most of the other governors believe Mary should do nothing?

4. If Mary does nothing it would most certainly contravene her Institute's code. What impact would this have on her decision?

5. Would Mary be morally wrong to do nothing?

6. How important is it for Mary to do everything she can to follow her conscience?

7. What else would you have wanted to know?

Place a tick in a box to express your **difficulty in understanding** the relevance of these conflicting issues in the world of work. 1 = none, 2= a little, 3=some, 4=a lot, 5= great difficulty.	1	2	3	4	5

What is the **probability** that these conflicts will arise in the world of work? 1= extremely high, 2= very high, 3=50/50, 4= small, 5=none.	1	2	3	4	5

8. What should Mary do? Making a 'good' ethical decision requires sensitivity to ethical issues and a well structured process for exploring the ethical aspects of the decision and balancing the various opinions (as shown in the seven questions above) that will affect the choice of a plan of action. Outline the steps she should take to reach her decision; eg what should she do first, then what, then what…………..

Appendix 3   Contact Summary Sheet: example

Participant	Alan	**Sex**	M
Int. date	6 May 2008	**Age**	21
CSS written up	6 May 2008		
Time taken for int.	1hr 40 mins	**Est degree award**	2.1/1st
Int location	Mtg room (taped int.)	**Actual degree award (added July 2008)**	1st

1   *Previous experience/background:*
No previous work experience. Studied ethics in auditing module. A-level Accounting. Wants to be a prof acct & run a practice looking after small firms. Teach accounting in schools. Family background in accounting – uncle & aunt.
2   *Any general background re interview situation/location/interview type etc?*
Sunny. V pleasant day. Alan relaxed & very confident. Very good interpersonal skills. Wanted a taped int. because he likes talking, interacting, taking the lead in things (although he likes being part of a group).
3   *What main themes or issues arose concerning the student?*
Principles.   Conscience.   Virtue. Self interest. Checking facts crucial starting point.   Makes a difference just how superior a person is (if the perpetrator) when deciding on an action
Attempt to draw a Mary decision-tree went off track because his interview of Mary concerned his views from POV of donor giving money and whether he's poor and could afford the money or not etc. I could barely wean him off this to discuss the ethics of the situation but eventually did so by asking him to put himself into Mary's shoes. Idea that someone poor could be turned over was very strong. Perhaps my naivety as an interviewer was to blame!
4   *Which issues appeared to be most/least important to the student?*
Principles very important to being professional. Self interest not important unless penalties severe; "like dying"!
5   *Any other issues (hypotheses, clues, ideas, hunches, interesting bits) about the interview?*
A very strong sense of what's right in principle and, if a law is wrong, that what benefits society should override what's legal. This is consistent throughout the vignettes with Alan. Also a strong sense that in the real world there are some bad apples that perhaps need re-learning or to be taught correctly from the start.
6   *Anything I should follow up/emphasise/clarify in next interview?*
Watch out for students taking a POV other than the protagonist!

Appendix 4.1   Development of Faith vignette.

<table>
<tr><td colspan="4" align="center">FAITH</td></tr>
<tr><td colspan="4" align="center">This vignette contrasts the professional value of honesty with the organisational value of corporate loyalty.</td></tr>
<tr><td colspan="4">Faith worked in the corporate reporting division of a large profitable telecom company. She was part of a small group asked to write a report with recommendations on how to account for the future costs to be incurred in restructuring a recent major acquisition. Her boss told the group that he was certain the answer would be to show the costs as expenses of the current accounting period. The result being bigger losses in the current period but much smaller ones in future; thereby making the company's profits profile appear to be improving.

Faith and a colleague made all the necessary inquiries and established conclusively that the costs should be ignored entirely until they were actually incurred - in the future. As she began work on her report she was told that the solution had been found. Another report, written by her boss, emphatically recommended including the costs as expenses of the current period. All of the data from her inquiries had been re-interpreted to fit her boss' recommendation and some of the data, which conclusively supported her own case, had been omitted. The report therefore 'proved' categorically her boss' case.</td></tr>
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</table>

Appendix 4.2 Development of Simon vignette   SIMON

This vignette contrasts the professional value of professional integrity with the organisational value of obedience (to one's line-manager).

Simon worked for a medium-sized firm of auditors and was busy conducting the annual audit of the subsidiary of a US company. During his work he found that the subsidiary had been involved in setting up a separate special purpose company, designed to allow the holding company to leave millions of dollars of liabilities off its consolidated balance sheet. Under the terms of relevant International Financial Reporting Standards this accounting practice would most likely be deemed 'illegal'.

Simon copied the relevant documents and took them together with his working papers to his audit manager. The audit manager said to Simon, "The US holding company is a big player with powerful friends; some of whom are, or we hope will become, our clients. One thing you must learn is that we simply cannot afford to lose clients of that nature. Put all of your papers and documents through the shredder."

	Kohlberg's stages of moral reasoning		*Interview prompt questions*
	What's 'right' or 'wrong' is determined by:		
stages			
1	Consequences of actions (punishment, rewards, exchange of favours etc) or by an unquestioning deference to power. (it's wrong of I'm punished for it)	1	What if Simon's career would be threatened if he refuses to shred the documents?
2	What Simon thinks is best for him. (it's wrong if it's not in my own interests)	2	Should Simon do anything he possibly can to advance his career?
3	What others in his peer group may think of him. (it's wrong if my peers think so)	3	What should Simon do if one of his fellow workers advises him to shred the documents?
4	A sense of duty to the codes of his professional institute or society's laws or what's best for a particular group/society. A concern for social order. Rigid laws. (it's wrong if I break the law – if I do it everyone will do it)	4	What impact would the fact that the accounting practice is 'illegal' and his duty as a professional auditor have on Simon's decision whether or not to shred the documents?
5	His own 'laws' and beliefs about justice etc which transcend society's laws. Utilitarian in nature. Laws are flexible. (it's wrong if it doesn't promote the common good – as I see it)	5	Destroying these documents would cover up an illegal practice and would be contrary to his professional institute's codes. Is Simon morally wrong to shred them?
6	Universal laws and principles of justice and fairness which supersede society's laws. (what's right in theory? If it's unjust, we should break the law). RARE TO REACH THIS STAGE	6	How important is it for Simon to do everything he can to follow his conscience?
		7	What else would you have wanted to know?
		8	What should Simon do? Outline the steps he should take to reach his decision?

Appendix 4.3 Development of Mary vignette   MARY

This vignette compares professional integrity with organisational loyalty. The organisation in this scenario is not an employing organisation.

Mary acts as one of the part-time and unpaid governors of her old school. It is a prestigious school with a good reputation. Her main job is to prepare the annual accounts ready for audit by a professional firm of accountants. During the current year the school received a donation towards the building of a new language laboratory that, owing to an administrative error by the donor, was three times the amount asked for.

The donor has yet to notice his mistake. If the overpayment is returned the language laboratory cannot be built. Most of the other governors are in favour of doing nothing. One of them has told Mary, "The auditors will not know there has been an overpayment unless they ask the donor and he has so much money he will not miss it. Most of the board of governors believe fervently that children need to learn a foreign language."

	Kohlberg's stages of moral reasoning		*Interview prompt questions*
	What's 'right' or 'wrong' is determined by:		
stages			
1	Consequences of actions (punishment, rewards, exchange of favours etc) or by an unquestioning deference to power. (it's wrong of I'm punished for it)	1	What if Mary's role as governor was threatened by her refusal to do what the other governors want?
2	What Mary thinks is best for her. (it's wrong if it's not in my own interests)	2	Should Mary do everything she can to further her 'career' as a school governor?
3	What others in her peer group may think of her. (it's wrong if my peers think so)	3	What difference does it make that most of the other governors believe Mary should do nothing?
4	A sense of duty to the codes of her professional institute or society's laws or what's best for a particular group/society. A concern for social order. Rigid laws. (it's wrong if I break the law – if I do it everyone will do it)	4	If Mary does nothing it would most certainly contravene her Institute's code. What impact would this have on her decision?
5	Her own 'laws' and beliefs about justice etc which transcend society's laws. Utilitarian in nature. Laws are flexible. (it's wrong if it doesn't promote the common good – as I see it)	5	Would Mary be morally wrong to do nothing?
6	Universal laws and principles of justice and fairness which supersede society's laws. (what's right in theory? If it's unjust, we should break the law). RARE TO REACH THIS STAGE	6	How important is it for Mary to do everything she can to follow her conscience?
		7	What else would you have wanted to know?
		8	What should Mary do? Outline the steps she should take to reach her decision.

Stance Transformation: Ego/self interest to Principle /Professional (ST-EP/PROF)

The following shows tipping points in the data collected during interviews.

No.	Case	Vignette	Transcript Line no.	Data	
1	Gordon	Faith	103-117	Gordon changed from an ego/self interest approach: "she should definitely make a decision based on her own interests", at a point in the interview when he was asked what his response would be if he was a qualified accountant. His response was "duty to act with principle even if at the end of the day the report's not hers" .(note: perhaps this points up that the *instinct* of a trainee accountant is to act out of self interest!!)	
2	Fran	Faith	89-109	If she was new then due to the problem that she might not understand the complex nature of accounting transactions, she would not challenge her boss (the unethical action). However, if she was a professional she would have to challenge him "most people just consider the financial results…but to have ACA after your name you've got to do more than that".	
3	Ellie	Faith	51-68	Ellie reported a distinction between ethical action when a trainee and that when qualified. "Honesty is all very well, but if she loses her job [because if it] it would be very hard for her…if I was an accounting trainee I'd probably stay quiet (the unethical action)…if I was qualified then I'd have to do something (the ethical action) "	

Ethical stance	Bob	Diane	Gordon	Chris	MEMO
Principles based (right action)	"..she should act with integrity always."	"..if she's a professional accountant, she's got to be seen to be honest." "She's a duty to act properly, with honesty." "..no-one benefits (from manipulation)."	"..she should be independent.." "..boss..doing something naughty.. She shouldn't go along with it ."	"..shouldn't (break rules)." "For..benefit of those affected..should make sure...rules aren't broken."	
Virtue based (motives)	"..if the code and what she thinks (are not the same) she should do what she believes in." "..she's got a moral obligation to...be independent.. " "Be independent and follow..codes - but not with blinkers on. Must work to change them if they're wrong." "(Doing what she's told by her institute isn't enough)." "..you wouldn't want to pretend to be honest...not if you're a professional."	"(Truth should be known) because she's part of..society.."	(Truth should be known if it's) for the good of the company and..society."	"People... expect her to be honest.." "..people are important ...You have to look after their (well) being." "Truth is..what we should all do and aim for but life (the real world) gets in the way and stops us."	
Ego/self interest (consequences)		"..self interest is more important than principle.. " "If she'd just started, she may go along with it (the manipulation)."	"(To a qualified accountant) "rules are how they..order their work." "..should make a decision based on her own interests (which is to not) do what's against your institute's codes." "(If an action causes human suffering it) becomes blatantly wrong."	"Professional honesty is not as important (as loyalty to the company, it) happens all the time – no-one gets hanged for it." "..rules sometimes work against you and you have to do what's best for you." "..accountant..must use..judgement – even if..against..rules – if..can get away with it." "Doesn't matter what colleagues think (because)...she's not losing her job". (This is) "probably not" acting professionally.. "but if all doing it then it could be right"	
Financial (consequences)		"Duty in business is to act with principles (rules) ...if in best interests of business.."			
MEMO		Ethics may only matter "at the top end, big companies" (74). May aspire "to act honestly but couldn't" (88) May follow rules until you have found "your feet" (92) Maturity/career aspiration may force her "to be more principled" (96) Just *appearing* to be honest "not very professional" (118) Duty to act in best interests of business. If rules conflict, ignore them – so long as "morally defensible" (134)	Should v would (10, 57,83) Being able to "get away with it" (59) Job loss penalty is very a strong determinant (165) Extent of human suffering can change the decision which otherwise is just about altering the "balances" (172)	Should v would (59,77,81,100,141,156) Most res is into whether TAs *follow* rules due to ego. Chris suggest *not following* rules due to ego "no-one gets hanged for it" (65) *See Helen*	

Ethical stance	Alan	Les	June	Fran	MEMO
Principles based (right action)	"She has a duty to act as a qualified should act, with honesty." "She's not got to (act illegally) cos she's supposed to be qualified." "..financial standards and..principles.. (are)..not exact..so..she could turn a blind eye..Wouldn't be right for me.." "..got to be professional and follow the codes and that and be honest."	"She has task to do honest in her job." "..if she not happy (with rule) she must go against it."	"Doing what's right as a professional (is) acting honestly." "Being fair comes before being part of a crowd." "society benefits from laws being followed rightly." "It's best she does the right thing in her own mind (but views can change) cos of discussions with others."	"She should (act with integrity whatever) but in the real world might assess whether she could get away with not doing so. I couldn't..." "..to have ACA after your name you've got to do more than (consider financial consequences)." "(If) people suffer (the) decision is made harder..but ..must (continue to) be professional about it."	
Virtue based (motives)	"(Would act in own interests unless) she felt strongly (and had a) conscience.. not (to)." " She'd stand up for what she believed was right . Always". "..if she believes in something.. should think about ignoring..the law.." "..if you're a strong person you have strong morals and..need to stick to them..Professional people have to be strong like that." "..only way is to be honest."	"(To determine what is right) it is important she follow the code...so long as...she's happy with what she does...(if)...she not agree with it...she must do thing she feels..in her head (conscience) she has..moral.. obligation..to do this." "..she has to stand up for the people and the right..not mind consequences.." "..most important to have the truth known..(No matter what the consequences?)...what are all consequences, we can't know."	"..acting honestly..she'll feel better for it.." "Professional accountant would do..job better if he feels good about himself."	" ..a professional..might not always (follow rules) because codes might be wrong (then) have to go with conscience." "..as a member of ACCA..(you have to be) independent, honest." "..accounting needs to get its house in order... (and stop) acting like professionals whilst thinking like unprofessional." "..should know that (being unethical) is not what a qualified is supposed to do. Moral dilemmas are like a approaching a roundabout, the way you approach it can determine the way you leave it."	
Ego/self interest (consequences)					
Financial (consequences)					
MEMO	Truth could be a "mission" (227) but have to consider confidentiality (222-237)				

Ethical stance	Helen	Norman	Ellie	Irene	MEMO
Principles based (right action)		"You depend on professional people to act with this integrity.." "It's the accountant's job to act honest." "If..qualified it's her task to act honest.." "..has a duty to do what is right." "..owes a duty to.. Institute to act ethically."	"..as a professional you'd be expected to do the honest thing in all of your business dealings..you have a duty to society.." "(Keeping quiet for an easy life is) not what we're taught is right for potential accountants."	"(Accountants) should be above all that (paying lip service to ethics) and trustworthy." "..has a duty to report the true profit not the imagined one.."	
Virtue based (motives)		"..someone can act honestly without *being* honest. To be a qualified that people can trust you must *be* honest. A man must be honourable ,must have the respect of others and be seen to be a good person, in my family." "..it's not the job of an accountant to protect jobs..(or) to make sure the company loans and gearing are right or the share price is high..it's her job to be honest whatever it takes.." "..own morals as an accountant should be to tell the truth."	"..own morals and conscience (determine action)." "..professional thing..is be honest." "..greater good.. is not served by doing ..wrong.. It's where people should.. aspire to.. such as accountants..'" "(Being truthful is) what you have to do if you're an accountant with a good reputation. A professional person."	"..profession needs people who are truthful.." "..students think..learn the rules or codes and you can be ethical.. not like that..have to *be* ethical..means something different.." "..honesty and..truth..an ideal.. If ..can't (explain dishonesty) then not ..(professional) and should not be working as..accountant." "Independence in fact and appearance is very important."	
Ego/self interest (consequences)	"(In interests of keeping job she should not follow rule which says an accountant should act with integrity) Who will know? Her boss is keeping it under the carpet anyway." "(Should agree with colleagues even if you think they are breaking rules because) all work together in business." "(Finding a rule breach/disagreeing with it, professional's job is not to try to change..rule or..write to the institute about it) ,task is to work in business." "(Not important) for truth to come out always, it can harm you and business.."				
Financial (consequences)	"(Would only challenge an unethical act) for herself (and) if business prosper." "..do what (you) think ...right for business (even if it means ignoring codes and rules)." "Business..comes first. In ideal world, perhaps not ..but..(two)..don't match."				
MEMO	*See Chris*			should v would (56,89,109,144)	Should v would (64,99,123) Training (105,111)

Faith vignette: financial statement manipulation by Faith's boss. Contrasts professional value of honesty with organisational value of corporate loyalty.   1/3

Ethical stance	Bob	Diane	Gordon	Chris	MEMO
Principles based (right action)	"..she should act with integrity always."	"..if she's a professional accountant, she's got to be seen to be honest." "She's a duty to act properly, with honesty." "..no-one benefits (from manipulation."	"..she should be independent.." "..boss..doing something naughty.. She shouldn't go along with it ."	"..shouldn't (break rules)." "For..benefit of those affected..should make sure...rules aren't broken."	
Virtue based (motives)	"..if the code and what she thinks (are not the same) she should do what she believes in." "..she's got a moral obligation to...be independent.. " "Be independent and follow..codes - but not with blinkers on. Must work to change them if they're wrong." "(Doing what she's told by her institute isn't enough)." "..you wouldn't want to pretend to be honest...not if you're a professional."	"(Truth should be known) because she's part of..society.."	(Truth should be known if it's) for the good of the company and..society."	"People... expect her to be honest.." "..people are important ...You have to look after their (well) being." "Truth is..what we should all do and aim for but life (the real world) gets in the way and stops us."	
Ego/self interest (consequences)		"..self interest is more important than principle.. " "If she'd just started, she may go along with it (the manipulation)."	"(To a qualified accountant) "rules are how they order their work. nothing else" "..should make a decision based on her own interests (which is to not) do what's against your institute's codes." "(If an action causes human suffering it) becomes blatantly wrong."	"Professional honesty is not as important (as loyalty to the company, it) happens all the time – no-one gets hanged for it." "..rules sometimes work against you and you have to do what's best for you." "..accountant..must use..judgement – even if..against..rules – if..can get away with it." "Doesn't matter what colleagues think (because)...she's not losing her job". (This is) "probably not" acting professionally.. "but if all doing it then it could be right"	
Financial (consequences)		"Duty in business is to act with principles (rules) ...if in best interests of business.."			
MEMO		Ethics may only matter "at the top end, big companies" (74). May aspire "to act honestly but couldn't" (88) May follow rules until you have found "your feet" (92) Maturity/career aspiration may force her "to be more principled" (96) Just *appearing* to be honest "not very professional" (118) Duty to act in best interests of business. If rules conflict, ignore them – so long as "morally defensible" (134)	Should v would (10, 57,83) Being able to "get away with it" (59) Job loss penalty is very a strong determinant (165) Extent of human suffering can change the decision which otherwise is just about altering the "balances" (172)	Should v would (59,77,81,100,141,156) Most res is into whether TAs *follow* rules due to ego. Chris suggest *not following* rules due to ego "no-one gets hanged for it" (65) *See Helen*	

Faith vignette: financial statement manipulation by Faith's boss. Contrasts professional value of honesty with organisational value of corporate loyalty.   2/3

Ethical stance	Alan	Les	June	Fran	MEMO
Principles based (right action)	"She has a duty to act as a qualified should act, with honesty." "She's not got to (act illegally) cos she's supposed to be qualified." "..financial standards and..principles.. (are)..not exact..so..she could turn a blind eye..Wouldn't be right for me.." "..got to be professional and follow the codes and that and be honest."	"She has task to do honest in her job." "..if she not happy (with rule) she must go against it."	"Doing what's right as a professional (is) acting honestly." "Being fair comes before being part of a crowd." "society benefits from laws being followed rightly." "It's best she does the right thing in her own mind (but views can change) cos of discussions with others."	"She should (act with integrity whatever) but in the real world might assess whether she could get away with not doing so. I couldn't..." "..to have ACA after your name you've got to do more than (consider financial consequences)." "(If) people suffer (the) decision is made harder..but ..must (continue to) be professional about it."	
Virtue based (motives)	"(Would act in own interests unless) she felt strongly (and had a) conscience.. not (to)." " She'd stand up for what she believed was right . Always". "..if she believes in something.. should think about ignoring..the law.." "..if you're a strong person you have strong morals and..need to stick to them..Professional people have to be strong like that." "..only way is to be honest."	"(To determine what is right) it is important she follow the code...so long as...she's happy with what she does...(if)...she not agree with it...she must do thing she feels..in her head (conscience) she has..moral.. obligation..to do this." "..she has to stand up for the people and the right..not mind consequences.." "..most important to have the truth known..(No matter what the consequences?)...what are all consequences, we can't know."	"..acting honestly..she'll feel better for it.." "Professional accountant would do..job better if he feels good about himself."	" ..a professional..might not always (follow rules) because codes might be wrong (then) have to go with conscience." "..as a member of ACCA..(you have to be) independent, honest." "..accounting needs to get its house in order... (and stop) acting like professionals whilst thinking like unprofessional." "..should know that (being unethical) is not what a qualified is supposed to do. Moral dilemmas are like a approaching a roundabout, the way you approach it can determine the way you leave it."	
Ego/self interest (consequences)					
Financial (consequences)					
MEMO	Truth could be a "mission" (227) but have to consider confidentiality (222-237)				

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Faith vignette: financial statement manipulation by Faith's boss. Contrasts professional value of honesty with organisational value of corporate loyalty.   3/3

Ethical stance	Helen	Norman	Ellie	Irene	MEMO
Principles based (right action)		"You depend on professional people to act with this integrity.." "It's the accountant's job to act honest." "If..qualified it's her task to act honest.." "..has a duty to do what is right." "..owes a duty to.. Institute to act ethically."	"..as a professional you'd be expected to do the honest thing in all of your business dealings..you have a duty to society.." "(Keeping quiet for an easy life is) not what we're taught is right for potential accountants."	"(Accountants) should be above all that (paying lip service to ethics) and trustworthy." "..has a duty to report the true profit not the imagined one.."	
Virtue based (motives)		"..someone can act honestly without *being* honest. To be a qualified that people can trust you must *be* honest. A man must be honourable ,must have the respect of others and be seen to be a good person, in my family." "..it's not the job of an accountant to protect jobs..(or) to make sure the company loans and gearing are right or the share price is high..it's her job to be honest whatever it takes.." "..own morals as an accountant should be to tell the truth."	"..own morals and conscience (determine action)." "..professional thing..is be honest." "..greater good.. is not served by doing ..wrong.. It's where people should.. aspire to.. such as accountants..”" "(Being truthful is) what you have to do if you're an accountant with a good reputation. A professional person."	"..profession needs people who are truthful.." "..students think..learn the rules or codes and you can be ethical.. not like that..have to *be* ethical..means something different.." "..honesty and..truth..an ideal.. If ..can't (explain dishonesty) then not ..(professional) and should not be working as..accountant." "Independence in fact and appearance is very important."	
Ego/self interest (consequences)	"(In interests of keeping job she should not follow rule which says an accountant should act with integrity) Who will know? Her boss is keeping it under the carpet anyway." "(Should agree with colleagues even if you think they are breaking rules because) all work together in business." "(Finding a rule breach/disagreeing with it, professional's job is not to try to change..rule or..write to the institute about it) ,task is to work in business." "Not important for truth to come out always, especially if rules say otherwise..it can harm you and business.."				
Financial (consequences)	"(Would only challenge an unethical act) for herself (and) if business prosper." "..do what (you) think ...right for business (even if it means ignoring codes and rules)." "Business..comes first. In ideal world, perhaps not ..but..(two)..don't match."				
MEMO	*See Chris*		should v would (56,89,109,144)	Should v would (64,99,123) Training (105,111)	

Simon vignette: Simon, an auditor is told to commit an illegal act by his boss. Contrasts professional value of integrity with organisational value of obedience .   1/3

Ethical stance	Bob	Diane	Gordon	Chris	MEMO
Principles based (right action)	"(If rules conflict with what's right) do what's right." "(Would condone ignoring a required practice) but..(would) make a big noise to show..acting in everyone's interests."	"..must act independently as an auditor." "He's part of the audit profession and must follow the law until it can be changed."	"..we all know auditors should be above all that (illegal acts) and independent.."	"..I'd like to be talked about as a professional accountant who has integrity and can be trusted to do the right thing."	
Virtue based (motives)	"Should do what's right in his own mind." "(Must do more than act) honestly (must)..walk the talk." "(Duty means he should follow rules and) think that way as well (otherwise) wouldn't be a very good professional."	"..should do what his conscience tells him as an auditor."	"..you've got to be a very honest character, if you're going to be an auditor.."	"Professional accountants (etc).. have to have principles ...(because).. he has to live with himself." "..if..new to..job..he might go along with others. But I'd have to be able to tell myself I'm right to do that because I've heard about Arthur Andersen and know it's wrong even without being told." "..should act in a way that is good for everyone."	
Ego/self interest (consequences)		"It should be the principle" (that determines action, but) "the penalty of losing..professional status...(is more important)." "(Duty is to) provide a service to the public (which means) following the professional code".	"(Action determined by the penalties ie whether it's) worth the pressure." "..conscience is clear cos he's followed the rules to save his job."	"..follow his conscience if he's not harmed by doing so." "..institute has codes of conduct which we must all follow."	
Financial (consequences)					
MEMO	Longer you stay in the profession the more you become indoctrinated into doing what you're told by the rules (204) Not the way it should be (208) Go "as far as it takes" to publicise an illegal act (257)	if judgment is called for, a principles based approach is required but if the act is bang to rights illegal, rules must be followed - because they equate with principles! (257).Wonder if he says he's following rules to give his decision more gravitas? Training (271, 277)	Levels of illegality (428, 451). Low risk (424) promotes illegal action. Shouldn't v would (467,535, 509). Experience would make him more inclined to accept others' views (480) Idea of getting away with it (507)	If illegal act with principle (218,230,244) unless new (247)	

Simon vignette: Simon, an auditor is told to commit an illegal act by his boss. Contrasts professional value of integrity with organisational value of obedience .   2/3

Ethical stance	Alan	Les	June	Fran	MEMO
Principles based (right action)	"..have to do what's right..not just cos it's legal.." "..have to stand for doing what is right as a qualified." "(Being professional) you do it because..it's the right thing to do.." "..people need to know the auditor is doing his job professionally..." "(Turning a blind eye is) ..as (a) principle (wrong).." "..you've got to have rules...(if he doesn't agree with them) auditor should stay with (them) and tell the profession they need to be changed."	"..professional auditor... must do honest thing." "(Someone new to a firm might be under great pressure to commit an obviously illegal act but it's) wrong whichever way looked at.." "..a professional auditor..has duty to do right things."	"(Doing something illegal is never acceptable) it's a crime – criminal act." "Simon is a professional. He should have high moral standards." "(Committing an illegality) would be unprofessional. Would mean no principles."	"(An auditor has) a duty to do right for society." "(An auditor is like a) doctor. You expect him to have certain ethics and to act responsibly. If he doesn't then he's not acting professionally and shouldn't be allowed to practice."	
Virtue based (motives)	"..stick with morals and do what's right.. and think, what's morally right.." "..a qualified should always aim for the truth...It's like a higher God's telling what's best." "Accountant should be truthful and have truth known. So long as consequences aren't mega, like dying."	"(An auditor) must be truthful person." "(Being honest) is what is me..as (an) accountant."	"Simon has a duty as a professional to be independent and objective in his own mind. Just so happens the two coincide." "..a professional should hold, believe in (institute laws) personally." "As a professional he should act with integrity. Be honest at all times."	"..code and what he'd think (conscience)... *should,* be the same." "..shouldn't just know it's wrong to do it,.. should feel it's wrong to do it." "(People at AA acted) against all professional codes...they... should have felt it was wrong and shouldn't have done it." "Codes..promote..common good of the Institute..would be morally wrong to go against them. It's not what's expected of a professional person. If he did that then we've learned nothing from Enron. Whatever the situation, doing something illegal is wrong always. If you do that then you're not a professional."	
Ego/self interest (consequences)					
Financial (consequences)					
MEMO		Strong sense of what he thinks people should do and what he thinks they would do *and* what *he* would *do.*			

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Simon vignette: Simon, an auditor is told to commit an illegal act by his boss. Contrasts professional value of integrity with organisational value of obedience .   3/3

Ethical stance	Helen	Norman	Ellie	Irene	MEMO
Principles based (right action)		"(For a)"successful career..you must gain..respect." "..if (rules) wrong,.. the qualified (must) get them changed somehow." "..minute a professional..does something illegal he's finished as a professional.." "Even (if)..adverse publicity for him or the company or the profession he has a duty to act with integrity" "(Laws should only be broken) by...consensus of other accountants."	"Aiming for telling truth is...should be...(auditor's) objective." "..the reputation of the profession might suffer if another Enron came out. But..he should still tell the truth." "..an accountant should tell the truth no matter what."	"..people expect (him) to (do) his job to..best of..ability and legally." "..not being objective (is) not being professional." "An accountant must rise above (acting unethically). If they don't there's no integrity in the audit world and everyone (clients, customers, shareholders, public) suffers."	
Virtue based (motives)		"..professional's job is to be truthful even if his institute or the accounting profession overall suffers." "..professional codes..should be..his own personal codes.."	"..should always follow his conscience which should be to act truthfully...in.. real world there may circumstances when he wouldn't.. Anything else is like working in Heaven..that's not going to happen in business." "..auditor's job is to be independent.."	"(Being true and fair) is principle to try to achieve." "When your conscience is at stake (follow codes and rules)..it's the only way to decide when you can't make your mind up which way to go."	
Ego/self interest (consequences)	"(Would commit illegal act because) promotion.. (and)..if...any good firm keep him (and) nothing..happens if always follow rule." "(Would seek guidance from qualified relative..not institute), might tell me.. something I do not want to do..might end up losing job." "..duty.. to business. Business pays..salary." "..not morally wrong..because working under..manager... (so he's) powerless. In his mind..has made.. good decision."				
Financial (consequences)	"..code say act rightly..which mean honest and that sort of thing..but boss is saying..do other thing... which may be not honest. But..must do what is right for business." "..should keep conscience outside..decision.. main thing is doing the right for the business"				
MEMO	Helen understands that these actions are wrong (339,380,427,444,464) but carries on because "it is the real business world" (343). She'd only doubt the action if severe penalties ensued "would not want jail"(380), "If... kicked out of institute..but ...it..never happen.." (413)		Should v would (186,202,207,221,246,254, 267)	Should v would (205,216) Training (254)	

Mary vignette: Voluntary school governor witnesses financial irregularity by other governors. Compares professional integrity with organisational loyalty.   1/3

Ethical stance	Bob	Diane	Gordon	Chris	MEMO
Principles based (right action)	"..wrong (to condone financial irregularity).Legality's not the issue. Professionally it's not the right thing to do." "(Being) part of a team (not as important as) her principles." "Shouldn't ignore..rules..but should try to change them for the better."	"(A professional person) is an honest person." "(A professional person) is supposed to act with integrity."	"(Self interest isn't important), doing what's right (is) what's right."	"(Qualified accountants shouldn't cheat)". "(Doing the) right thing (is t act honestly." "Follow the rules, if she agrees with them." "..I'd follow the rules, so long as it's what's right."	
Virtue based (motives)	"..having principles means having high moral principles. She's got a duty to be honest. If she didn't give the money back she couldn't call herself honest." "(A professional person's conscience tells her to) be a good person. Be truthful and honest with people. Do a good job."	"..what's right as a professional (is) keeping to her conscience." "Ignore professional codes if it means acting according to her conscience..to be honest."	"..if it's for the greater good, then you've got to go against your conscience." "Being a good person would count more than penalty of losing her job."	"..loads do (cheat) if they can get away with it. I wouldn't." "..qualified accountant (should) be principled."	
Ego/self interest (consequences)			"(Institute codes should be followed unless it is for the good of the school)"	"She owes an allegiance to her institute.."	
Financial (consequences)					
MEMO	Codes and principles could be the same thing although "not always" (363) Shouldn't v would (375) A vulnerable group in the equation could effect the decision (377)	Important to enhance the reputation for being professional (honest) (373) Voluntary nature of employment could effect the decision (384, 395) A professional doesn't need group approval (408) Strong sense of conscience in being a professional "You may have to do things some don't like but at least you'll have made the decision the right way" (431)	Shouldn't v would (717, 831) Benefit to a vulnerable group might swing the decision (734, 755) It's not dishonest to keep illegally gotten gains (780, 820) Concept of turning a blind eye and "bend (the law) a little" (835)	Qs 3-6 suggest doing the right thing is to "act honestly" "owes an allegiance to her institute" unless it is not illegal, no publicity and her conscience takes her the other way (a vulnerable group benefits) when "it's not really stealing"!!	

Mary vignette: Voluntary school governor witnesses financial irregularity by other governors. Compares professional integrity with organisational loyalty. 2/3

Ethical stance	Alan	Les	June	Fran	MEMO
Principles based (right action)	"..being a professional means..being able to make judgements about what's right and honest. Truthful and that."	"(Acting unethically is) not right thing to do if you want good reputation in business." "(No matter how laudable the consequences, dishonesty is) not (a) professional thing.." "(Disadvantage to a vulnerable group is a) strong reason (to act unethically) but..must not do it (as it's acting) dishonestly."	"Her own career is not as important as doing what she feels is right."	"(There would be a lot of pressure to act unethically if it benefitted a vulnerable group but) no-one can say anything against you if you've acted honestly at all times." "Good can come out of being honest but nearly always, no good comes out of cheating and being dishonest." "It can't be good for anyone...being dishonest and cheating in business."	
Virtue based (motives)	"..morals shouldn't depend on if you're paid for them or not.." "..reputation for being honest should be top dog." "Accountants shouldn't just do rules. They should mainly do conscience if it lets them." "Conscience is great if you can live with it." "..sometimes (what's) moral...should override what's legal.. for the benefit of society.."	"If she want good reputation she (must) be honest." "..do everything she can to follow her conscience (although would be) a difficult thing to decide (if a vulnerable group was disadvantaged as a result)."	"..a professional..must stick by the Codes of her profession..(even if a vulnerable group is involved).. she must do what she feels is right - her own conscience." "..Mary should follow her conscience.."	"..professional people must be honest as well as act honest.." Being professional is "not jumping to attention like in the army and following orders, it's because that's what she should feel inside, in her brain." "(Having) her conscience..equate with the institute's code (is what an accountant) should aspire to."	
Ego/self interest (consequences)					
Financial (consequences)					
MEMO			Losing money (from a wage) could be an issue but shouldn't be. Shouldn't v could (307)		

Mary vignette: Voluntary school governor witnesses financial irregularity by other governors. Compares professional integrity with organisational loyalty.

Ethical stance	Helen	Norman	Ellie	Irene	MEMO
Principles based (right action)		"..if...believe..institute codes were wrong..(must) work to change them.."	"Lots of dishonesty in the world and it's time accountants stood up to it."	"(A professional should act with integrity) because that's what's expected of her." "(Acting non-independently is) unprofessional.."	
Virtue based (motives)		"..to be a professional you must always act and be an honest person." "You might get a short term promotion from being dishonest but in the long term everyone loses if you are." "..important (that) conscience and code are the same thing."	"(For) people to think she is a good person..good accountant, in her heart..must (act honestly) whatever the consequences.."	"..acting with integrity is a way of thinking, attitude of mind, and it shouldn't matter whether you're being paid or not." "(When) no obvious way forward..got to do what her conscience tells her. If it was me I'd (be honest). If I didn't I couldn't sleep at night." "..being a professional (means) making.. decisions for the right reasons, like being honest and true."	
Ego/self interest (consequences)	"..a certain amount (of dishonesty [refers to result of following company instructions] has a place in business)..it's how business works." "(Institute codes would be used only) if she would suffer severely from doing this thing. It would give her guidance. (A sever penalty would be) if she go to prison if she isn't following them."				
Financial (consequences)	"In business... you can never be totally honest... there are times when you can not be honest because of the thing that is happening to your money. It is like a shade of honesty."				
MEMO	The levels of dishonesty are determined by the acceptability of the penalties "if penalty severe like go to jail" (630) Act with principle if you're going to be found out *and* the amount involved is significant otherwise "..a qualified..will be able to explain (away the unethical act as)..it is not big thing " (673-679) Abiding by team decisions is essential (709) Helen knows unethical acts are wrong (673,748)	Interesting angle re teaching of ethics (437,443,471)		Should v would (311,336)	

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