

## **A SCIENTIFIC WORLDVIEW OF ACCOUNTING ETHICS AND GOVERNANCE EDUCATION: THE RIGHT FOOTING OF INTERNATIONAL EDUCATION STANDARD 4, BUT...**

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### **ABSTRACT**

*This paper is a critique of the approach in which the issue of accounting ethics and governance has been tackled through education. In light of the existence of the International Education Standard (IES) 4 specifically on ethics as the relevant framework developed by the International Federation of Accountants (IFAC), the discussion in this paper centres on the requirement of IES 4 and the manner it is suggested for implementation. Based on the ontological and epistemological reality of the world as reflected in science which also parallels religion and Eastern belief system, we are sceptical of the degree of representation of reality of the model of ethics and governance that is currently upheld by accounting curriculum designers. A framework on ethics education that is more holistic is proposed.*

**Keywords:** ethics, ethics education framework, accounting education, human governance, of being human

### **INTRODUCTION**

Ethics and governance are two issues that remain unresolved in the landscape of corporate accounting and global business. The fact that more cases of fraudulent accounting practices have surfaced following the Enron debacle, despite a more controlled regime of regulation, has exacerbated apprehension over the effectiveness of measures taken to address unethical behaviour among accountants.

This paper is a critique of the approach by which the issue of accounting ethics and governance has been tackled through education. In light of the existence of the International Education Standard (IES) 4, specifically with respect to ethics, as the relevant framework developed by the International Federation of

Accountants (IFAC), the discussion in this paper centres on the requirement of IES 4 and the recommendations for implementation.

### **THE ROLE OF EDUCATION AS A MEANS TO INCULCATE ETHICS**

Given the unparalleled volume of corporate scandals over the years, it is not surprising that the landscape of today's corporate sphere features more formal and stricter codes of ethics and governance. Within the accountancy profession, in tandem with the more stringent regulatory rulings, IFAC has executed several strategic actions that contribute to combating accounting misdeeds. The role of education has also been rigorously emphasised to complement the imposition of more formal codes of behaviour.

For example, in 2003, IFAC issued the IES 4, effective in 2005, which identified the professional values, ethics and attitudes that professional accountants should acquire during the education programme leading to qualification. In addition to IES 4, IFAC also released the Code of Ethics for Professional Accountants in 2005, which was further revised in 2006 and 2010. This set of codes prescribes the fundamental principles that professional accountants must comply. To guide member bodies to implement the requirements of IES 4, IFAC released the "International Education Practice Statement (IEPS) 1: "Approaches to developing and maintaining professional values, ethics and attitudes" as its first education practice statement.

Concerned with the marred image of the profession and with conforming to the IFAC requirements, many professional accounting bodies have also responded by embarking on curriculum revisions on a more substantive scale. The subject of ethics and governance continues to take centre-stage in academia as well as a research theme at conferences, and in thesis writing and journal publications, thus adding to the already large body of literature on the matter.

### **THE NEED TO EXAMINE THE MOULD OF ETHICS AND GOVERNANCE**

The role of accounting education has risen in importance as a means to inculcate good behaviour among accountants to complement the regulatory measures. This augurs well for the overall development of the profession. Nonetheless, based on our understanding of the ontological and epistemological reality of the world as reflected in science, which also parallels religion and Eastern belief system, we are sceptical that the model of ethics and governance currently upheld by accounting curriculum designers is realistic. Our contention stems from the

manner in which ethics and governance education takes form, especially as reflected in the curriculum. A model can only work well when it represents reality. Otherwise, the inherent flaws will induce it to remain only as an academic exercise devoid of applicability that, if applied, will not result in the intended outcome.

Hence, we feel compelled in this article to share our stance on the need to question the current mould of ethics and governance vis-à-vis the human tradition. We posit that an ethics and governance education framework must be underpinned by a realistic representation of human reality. Ethics and governance must not be treated in silos, as if they are the same as other business functions.

We begin the discussion by revisiting the meaning of education. We next offer our perspective on what we believe the objectives of accounting ethics education should aim for, based on our understanding of the meaning of education, ethics, governance, and of being human. On the basis of our standpoint on the purpose of accounting ethics education, we propose a framework that is more holistic in its approach. This is because it captures the reality of the human as a sentient being with a spiritual existence, embedded in the physical form only for locomotive purposes. This view on human parallels the scientific definition by Tiller (2008).

## **PURPOSE OF EDUCATION**

In this article, we contend that there must be a real understanding of the higher purpose of education and subsequently of ethics and governance (hereafter referred to as ethics) education. The necessity to eliminate any confusion regarding to whom ethics education is targeted is equally pertinent. However, more importantly, there must be clarity of thought with regard to the construct of ethics and governance. It is only when the concept of ethics and governance is comprehended that a framework for ethics education that includes an appropriate statement of purpose can be formulated. Because the nature of ethics and governance is highly abstract, it is all the more necessary to thoroughly question the philosophy adopted as the foundational structure upon which an ethics curriculum is designed.

Regarding the purpose of education, Yero (2002) states that the term education, derived from the Latin *e-ducere*, means "to lead out". In essence, it refers to the process of inducing the potential in a person to surface in order to face life. As such, it is not only about cognitive apprehension of concepts and development of skills but also about character building. Herbart (1804, 1806), as reported by

Hilgenheger (1993), summed up the whole work of education in the concept of morality, which is about shaping the development of character with a view to the improvement of human. This concept of education as the imparting of knowledge with a moral purpose is also shared by modern-day educationists and philosophers, such as Dewey (2007), Piaget (1965), Palmer (2007) and Al-Attas (1990).

Critiquing the manner in which Harvard Business School's curriculum was targeting excellence without soul, Piper, Gentile and Parks (1993) argued that it is only through an education that extends beyond the transfer of skills to become a moral endeavour that the issue of unethical behaviour among business leaders can be addressed. This is because this form of education would involve the generational transfer of a kind of wisdom regarding responsible moral commitment in complex contexts. Sternberg, Reznitskaya and Jarvin (2007) argue for education that promotes wisdom – not merely acquisition of knowledge. This is because what matters is not so much what the students know but how they use the knowledge. Maxwell (2007) is very much convinced that there is a need to extend academic inquiry beyond knowledge acquisition to include the promotion of wisdom. Wisdom is defined as the capacity to realise what is of value in life for oneself and others (and thus includes knowledge, know-how and understanding). To paraphrase Maxwell, education is not only concerned with what to know but also what to do in the ultimate journey to BE.

## **ROLE OF ACCOUNTING EDUCATION – IFAC'S PERSPECTIVE**

The issue that needs to be established now is whether accounting education today is founded upon the premise of the desired model of education – one that emphasises character building apart from cognitive and technical competence.

Judging from the documentation of IES 4, we would conclude that IFAC does uphold a moral/ethics-centric philosophical basis of education. For, according to IES 4:

The program of professional accounting education should provide potential professional accountants with a framework of professional values, ethics and attitudes for exercising professional judgment and for acting in an ethical manner that is in the best interest of society and the profession (IFAC, 2003).

From the statement above, it can be implied that IFAC does consider the role of accounting education to be the platform to shape values, ethics and attitudes of professional accountants. IES 4 also explicitly states that its aim is "to ensure that

candidates for membership of an IFAC body are equipped with the appropriate professional values, ethics and attitudes as professional accountants". Towards achieving this end, IES 4 urges accounting educators and professional bodies to "treat professional values, ethics and attitudes in their own right within accounting education" and not "as peripheral".

With such strong statements of commitment to professional values, ethics and attitudes of professional accountants, which IFAC appears to want to achieve through education, the principle that underpins the question of accounting education is now established. The signal is clear that character building is also a profound agenda in professional accounting education, apart from the imparting of technical knowledge and skills.

Given the appropriate basic premise upon which accounting education is founded, what remains to be answered is the manner in which the above educational philosophy is translated into modules of action: the presentation of objectives of ethics education in a more specific context; identification of the contents; and the delivery and assessment methods. As with any business venture or even a simple project, a programme of education with a well laid-out statement of intent will not reflect much if not executed accordingly. Vision and Mission Statements are meaningless if the essence is not lived. We analogise the issue of ethics education as being akin to composing a song for performance by an orchestra. Beautiful lyrics alone, which in this case refer to the statements of commitment in the IES 4, will not guarantee that the "ethics song" will turn out equally beautiful and enjoyable. The melody composed will be instrumental in making the music, where an ensemble of ascending and descending scales together create a harmonious balance. Next, the orchestra must play that music accordingly so that the rhythm is not "corrupted". Finally, the singer must have good vocals to allow for a wondrous rendition to capture the character and essence of the song as earlier desired.

With respect to accounting ethics education, as argued previously, an unflawed worldview of ethics and governance among accountants, analogous to the melody for a beautiful music, is vital so that an appropriate ethics education curriculum model can be designed, whether in an academic or professional setting. However, like the orchestra, accounting educators and professional bodies must play their role, and ultimately, accountants must also internalise the song and actualise it in the intended manner.

We next briefly address the centrality of the human in the fabric of ethics and governance, followed by a discussion of the basis of the model of ethics education.

## **PURPOSE OF ACCOUNTING ETHICS EDUCATION – BRINGING BACK HUMAN TO CENTRALITY**

In the preceding section, the recognition that education is about the process of imparting knowledge with a moral purpose was established. Even IES 4 captures this quintessence. On the basis of such consensus, it can be inferred that the focus of education is on the non-physical characteristic of the human being. The implication is that it is the spiritual aspect that needs further nurturing through continual education, accepting the notion that the human being is not a "finished product". Thus, it is education that will shape the human being by bringing out the potential non-physical attribute that otherwise would remain latent and submerged. An effective education should, therefore, allow for the emergence of good traits, which in the realm of the accounting discipline would include professional values, ethics and attitudes.

In light of the acceptance of the fact that character building in education is about the development of the spiritual side of human beings rather than the mere physical aspects, an education framework that is especially concerned with building ethical character must highlight such intentions in an unambiguous manner. Clear objective statements will, in turn, lead to identification of appropriate content, delivery and assessment methods.

It is a fact that ethics and governance are constructs related to the non-physical aspect of human beings. A means by which to reach this internal dimension of human beings must be formulated if accounting educators and professional bodies are serious about building ethical individuals. However, we have yet to find an ethics and governance programme that explicitly states the fact that ethics is about the non-physical aspect of human beings.

The failure to bring human beings to centrality in ethics education, or for that matter in other fields of education, is a phenomenon needing urgent rectification. We believe that this glitch requires immediate remedy to avoid greatly contributing to the lack of effective character building of human professionals.

For ease of following our argument, we introduce another analogy regarding a work of art by an artist. Even before painting a piece of work, the artist has "painted the picture in his or her mind". He or she would be able to explain clearly to everyone what the painting is about. But would those who listened be able to imagine the yet-to-be painted piece of artwork or appreciate the beauty of the painting?

The painting yet to be painted is analogous to the concept of ethics and governance. The painter represents the regulatory bodies and educators

committed to helping professionals actualise ethical values and good governance in their professional duties. However, as long the canvas upon which the artist can "latch" his idea is absent, the piece of artwork will remain hidden in the artist's mind. Those "interested" in the artwork, that is, the professional accountants, will not be able to appreciate the art piece and value it. Hence, the canvas for ethics and governance is needed in order for the intention of the regulators and professional accounting bodies to be actualised by professional accountants. If ethics and governance remain as concepts that professionals cannot relate to, then ethical behaviour will remain elusive. However, without that canvas, which is the "human", a topic that has for years been overlooked when developing ethics and governance curriculum, translating the vision of ethics into a plan of action is not easy.

### **THE FLAW WITH EXTANT CURRICULUM**

How many ethics curricula have ever mentioned that ethics and governance are human-based phenomena? Almost all course syllabi, however, stress the importance of the codes of ethics and corporate governance as the external rules compelling ethical behaviour. IES 4, for example, defines professional values, ethics and attitudes to "include a commitment to comply with the relevant local codes of ethics which should be in conformity with the IFAC Code of Ethics for Professional Accountants" (IFAC, 2003).

Highlighting the need for compliance while ignoring value-based internal motivation can lead to a culture of compliance with the letter rather than the spirit of the law. Pink (2010) cautions against relying on external motivation as a stimulus for good behaviour. External reward and punishment, according to him, can only induce a desired behaviour to a certain limit. What is more worrisome is that once the limit is reached, external motivation becomes detrimental, as it works against the intended outcome. The lessons from the imposition of the Sarbanes-Oxley Act should serve as a reminder of the need to go beyond compliance. King, as quoted by Malaysian Institute of Accountants (MIA) (2010), believes that the Act does not work because of mindless compliance. "What people with statutory compliance do is develop manuals to tick off compliance" (MIA, 2010, p. 20). Therefore, in the context of ethics and governance education, a curriculum centred on compliance to rules only as a motivation for behaviour will eventually fail in its purpose.

There are some programmes of study that do include a discussion on various theories of ethics, including Virtue Ethics. However, theories without a platform to practise can only remain a backdrop or prop to beautify the stage. The actors must be present. In order for ethics to exist, human beings must be made visible

in the equation (relationship) between human (and community), human and the universe and human and the Transcendence. It is in relationship that ethics and governance become important. One is ethical only in relation to the other. Yet, this fundamental grounding of ethics and governance is not clearly defined in most ethics education curricula.

Let us now revisit the objective of ethics education.

Perhaps, the role of humans and the importance human relationships in this universe is taken for granted because we are human. However, do we really understand what it means to be human? Has the subject ever been raised throughout our lifetime of education? Or, perhaps, we may argue that it is not the domain of accountancy to include what it means to be human this challenge is better served in philosophy programmes. If such is the mindset, then we should only expect philosophers—not accounting professionals—to be ethical and exhibit good governance. It is unfathomable how the main player in the story of ethics and governance can be sent to the periphery, but indeed, that is the reality!

#### **PURPOSE OF ACCOUNTING ETHICS EDUCATION – WHAT IT COULD BE**

Our contention is that the function of ethics education is to facilitate discovery by the individual of what ethics means to the individual, the community, the world at large and the Transcendence. Because ethics and good governance are subjective constructs, the education of ethics, in our opinion, should revolve around accelerating self-discovery and building a strong foundational framework of ethics rather than only "teaching" what ethics is. An accountant's function is not centred on knowing about ethics but instead about being ethical. Ethics is about how one performs the function.

Hence, the objective of ethics education would be about gaining insight for developing one's own philosophy of and belief system about ethics, which can be a sustainable internal driver for one's conduct over one's lifetime. In essence, it is about establishing fundamental human values. Therefore, we strongly oppose the practice of presenting objectives of an ethics course in the form of observable and measurable learning outcomes. Ethics is about the manner by which an end or outcome is achieved, and this manner has meaning only to the individual. It is impossible to provide a standard operating procedure to make accountants ethical. While we accept the merit of an outcome-based learning approach for some technical and skill-based disciplines, we call for a re-thinking of the necessity to spell out the learning outcome for ethics in the same manner.



One's values, ethical behaviour and attitudes are beyond prediction, regardless of one's ability to achieve excellent performance in a typical cognitive examination setting. As an example, one may know all the theories on ethics yet remain unethical. Likewise, one may appear to behave ethically but not because one is ethical. This is because ethical conduct refers to real-life practices and not a positivist cause-effect model constructed upon non-realistic theoretical assumptions of command and control. One is presented by ethical challenges on a continual basis and only passes when one upholds basic human values in one's daily activities. For instance, one must not only overcome the seduction of corruption but also avoid befriending others for the sole purpose of future benefits they might offer. One has to be ethical – not simply know about ethics and behave ethically.

In light of the subjectivity of the ethics construct, educators deep-rooted in the positivist tradition may find it challenging to accept the reality of ethics. We appreciate that the reductionist approach to measuring an outcome in a cause-effect relationship is a legacy of the long-held positivist paradigm in social science. Hence, a disinclination to abandon it is demonstrated. However, the reductionism ethos that bodes well in a conveyor-belt environment cannot be extended to ethics education, given that cognitive knowledge and evidence of understanding of the knowledge do not translate into good or ethical behaviour. Thus, we opine that it would suffice to indicate the objectives of the ethics course without drawing up a list of specific measurable learning outcomes.

On the other hand, we believe that the purpose of ethics education should not be presented at a macro level that creates detachment of the individual human's responsibility as a human. Organisational behaviour is only a projection of human behaviour in the organisation, while human behaviour is a shadow of humanness. Ethics is about the essence of human. Hence, the unit of analysis for ethics and governance in the accounting discipline is the human being, not the accounting professional associations human beings are affiliated with. A framework that de-humanises the individual human being in favour of "humanising" the professional entities instead will not promote accountability at the individual human-self level. While, as previously mentioned, ethics is about relationship, ethics is also about knowing who you are as a human being.

Otherwise, the meaning of being ethical cannot be arrived at. Perhaps, it is an unintended consequence of treating the corporation as a legal personality that has created a tendency to view organisations or professional associations as representing a collection of workers or individuals devoid of soul. Over time, the centrality of human is reduced to another object within the basket of resources subject to collective external rules and codes of conduct. The organisation or profession takes primacy such that emphasis has shifted towards the need to

behave in accordance with the prescriptive codes and regulations of these organisations or professions. Compliance becomes the foundation to guide performance. It is out of alarm at the prolonged trend to debase the role of the human being that we implore a shift in focus of ethics education.

We thus propose that the objectives of a typical ethics course be designed along the following lines:

1. To inculcate cognisance that ethical behaviour is a consequence of conscious action and not chance, and that an individual's behaviour has implications for others
2. To shape or reinforce the belief
  - (a) in the need for accountants to be human beings who actualise rightness of actions and carry out their professional duties with conscionable conduct;
  - (b) that ethical behaviour is internally driven by principles founded upon the axioms of human governance rather than rules;
  - (c) that sustained ethical behaviour is expected of professional accountants as custodians of public interest
3. To impart technical knowledge of the relevant codes and rules that accountants need to comply with as further guidance in performing their professional duties in the current financial environment

We believe that setting the objectives according to the above can yield a higher level of awareness of the responsibility and accountability of the individual accountant transcending the self. The oneness of the universe as a web of relationships founded upon the non-locality principle from the scientific perspective is also clearly reflected.

Oneness, or deep-level connectedness, as explained by Stapp (2008), entails that human choices, although personal in meaning, transcend the individual to have an 'instantaneous effect' with faraway entities the individual has interacted with at some time in the past. "Thus, according to the quantum conception of nature, the notion that any one of us is separate and distinct from the rest of us is an illusion based on misleading appearances. Recognition of this deep unity of nature makes rational the belief that to act against another is to act against oneself" (p. 12). As previously mentioned, the essence of the non-locality, or oneness, principle as depicted in science also forms the basis of Eastern religion and traditions. For instance, in highlighting the core of decision making based on Eastern religions and traditions, Tu (2001) points out the need for the individual to consider the impact of decision making on the self, the community, the universe and the

Transcendence as a manifestation of oneness or *Tianreheyi*. Gu (2006) shows that Daoism also reflects the same principle of oneness through the Yi Jing tradition, while Capra (1992) explained the oneness principle in Buddhism through mutual dependence. In Islam, oneness, or *al-Tawhid*, is a fundamental principle that underpins the religion. It emphasises the connectedness and accountability of created beings to the Creator (Chittick & Murata, 2006). The principle of oneness is argued by Jacobsen (1996) as also being a feature in the *Bhagavadgitā*, a Hindu sacred text.

In addition to the profoundness of the principle of oneness in science, science also underscores the fact that human beings are value-laden and that subjectivity is the general state of the relationship between human beings (Stapp, 2008). With subjectivity being the characteristic of being human, an approach that stresses the need to conform to a worldview of an objective world with definitive rules influencing human behaviour, as if human beings are value-free, contradicts the subjectivity principles and ethos of human nature. Without wishing to shift the debate to this issue, it suffices to state that we implore accounting regulators to shift the focus of attention towards "being human" as the internal motivation and impetus for ethical conduct. Professional accountants are human, and this is sufficient reason for them to actualise ethical conduct and good governance. In other words, the quality of being human is the main source of authority for ethical behaviour. Being a professional accountant only enhances this source of authority further. By adopting such premise, not only is accounting ethics education bringing back the sanctity of being human but it also is espousing the true tenets of science.

## **ALTERNATIVE PATHS IN EMBEDDING ETHICS IN ACCOUNTING EDUCATION**

Two issues seem to predominate interest on the implementation of ethics education: (a) whether ethics should be embedded throughout the curriculum, as opposed to a stand-alone course, and (b) what the subject matter should constitute.

On the first point, it is almost unanimous that ethics is regarded as of overriding importance such that it should be embedded throughout the curriculum. One only has to browse the curriculum of accounting undergraduate programmes to find evidence of this thinking. For example, in Malaysia, the *Halatuju 2*, the blueprint for accounting programmes offered at Malaysian public universities, also stresses this stance. While accepting this philosophy of ethics education, the literature is also replete with the contention that without the addition of a stand-alone course (notice the operative word, addition), the risk of the elements of ethics not being

included at all in any course does have legitimacy. Hence, a special stand-alone, over-and-above (as in additional) the practice to embed ethics throughout the curriculum course on ethics-related subject matter is necessary. Such a course may function as a capstone course, where the essence of ethics can be synthesised. On the other end of the spectrum, a separate stand-alone ethics course might alternatively function as an introduction to the subject of ethics, preceding integration efforts throughout the curriculum.

While we are strong proponents of ethics-to-be-embedded-throughout-the-curriculum school of thought, we do not oppose additional stand-alone courses on ethics. We only wish to impress here that regardless of which school of thought one adheres to, the contents of the ethics module needs to be thought out thoroughly. Next, we will address the second point raised above, the subject matter content, a point that is at the heart of this article.

However, prior to that discussion, we wish to emphasise that we undertake this piece of work with the sole intention of documenting our point of view on the need for a more holistic approach to ethics education. It is not motivated by the continued unfolding of further unethical conduct by accountants since the issuance of IES 4. Our philosophy is underpinned by a strong conviction that any ethics education programme must meet the need to reinforce or shape good values, provide guidance on the governance of the human being and bring to light the rules relevant to a practising human accountant so that the commitment to be ethical is sustained. Ethics and governance are not only about reaching an end or achieving a predetermined outcome but rather the manner in which we reach the end.

## **THE CONTENTS OF EXTANT FRAMEWORK – OUR FINDINGS**

In terms of the scope of coverage, IES 4 grants flexibility with respect to the contents, in terms of intention to imbue a culture of values, ethics and attitudes that will reflect the contextual setting of a jurisdiction. We very much subscribe to this philosophy of ethics education, which recognises the cultural influence on ethics and moral values.

With respect to the specific contents, IES 4 prescribes a list of topics that must be covered that should be observed by member bodies in any accounting ethics education programme. This 10-item list is regrouped in IEPS 1 into eight areas.

Although the coverage does include content knowledge of ethics theory and the link between theory and the necessity for accountants to observe professional benchmarks of ethical accounting practices, generally, it does appear as if it is

more about a process to impress – if not sermonise on the blaze of legislative and regulative activities that have deluged the profession in reaction to the numerous corporate misdeeds – a superficial treatment of ethics. Being ethical is not about pretentious behaviour or compliance with rules. However, there is a glaring absence of the link between how ethics can influence accountants' behaviour through human conscience and consciousness, that is, how accountants can be ethical because they are indeed ethical. Because ethics and morality cannot be regulated in the same manner that information disclosure requirements are, that is, through the establishment of written codes, we reiterate the need to include in the curriculum the role of the human being and the principles upon which human beings are to be governed.

## **THE PROPOSED MODEL – BASIS FOR SUGGESTION**

### **Relating the Objective to the Human Accountants**

As posited earlier, we believe that defining some specific objectives through the lens of a human being who is to perform the role as accountant might result in a better understanding of the commitment to public interest and sensitivity to social responsibilities. That accountants need to appreciate the bigger purpose in their professional lives rather than only self-interest or a professional vocational agenda is a philosophy that must be established.

Even prior to the recent global financial crisis, educators of several leading business schools had expressed concern over the exclusion of the bigger purpose of human life in the business ethics education curriculum [refer, for example, to Piper et. al (1993), Bennis & O'Toole (2006), Lewis (2006)]. The argument is that failure to draw students' attention to such basic principles tends to encourage students to separate future professional life from their private space. This inhibits their ability to relate to the need to contribute and be accountable to society. Human well-being becomes a distant concept that may be perceived as unreal in the material fabric underpinned by profit maximisation. The fact that the cornerstone of the sub-prime mortgage crisis is greed-based only confirms the backlash of an education system devoid of the human essence.

Following the aftermath of the financial market catastrophe, and with business education qualifications being valued less than previously, many business school programmes are being redrafted. Even a new concept of management has been proposed by a group of prominent scholars in collaboration with business leaders (Hamel, 2009). The work of management is now perceived to serve a higher purpose. Maximising shareholder wealth is no longer viewed as adequate. "It's an insufficient defence when people question the legitimacy of corporate power.

And it's not specific or compelling enough to spur renewal" (Hamel, 2009, p. 92). More phenomenal, however, is the call to reconstruct management's philosophical foundations to imbue organisations with attributes that address the challenges and uncertainty of the new business world. Management scholars and practitioners are required to hunt "for new principles as diverse as anthropology, biology, ... and theology" (Hamel, 2009, p. 93), in short, to actualise out-of-the-box thinking. There is also a call to shift from the norms of "efficiency", "advantage", and "value", among others, as the business language to a language and practice of business that is human-focused to rouse human hearts and "create organisations that are almost human in their capacity to adapt, innovate and engage" (Hamel, 2009, p. 97). These necessary resolutions, unparalleled as they may be, have become the basis of a new paradigm of thinking on management and managing businesses (Birkinshaw, 2010).

What is the implication of the new wave of management on accounting ethics education? Very simply, the mould of managing organisations whose arena becomes the playing field of accountants is changing. If managers are running organisations with a higher-order affective domain, factoring human well-being into the purpose for existence, why then do accountants want to remain superficial in terms of our core values?

What extent of greed do accountants wish to tolerate before re-educating potential accountants regarding their humanness. Being a professional does not equate creating a corporate persona detached from the human form. Ethical behaviour is about being human, not about the fictive secular being or the artificial person of a corporation. Ethics is human-centric. It creates the much needed trust to pursue living in a personal or professional capacity. Judt (2010), quoting Jane Jacobs, emphasised the potential chaotic and non-civil state of affairs of an otherwise well-run society as an inimical impact of the absence of trust. Trust, he quoted, cannot be institutionalised, and "once corroded, it is virtually impossible to restore" (Judt, 2010, p. 67). In view of the already smudged image of the accounting profession as a result of many accounting disgraces, steps to bring back ethical behaviour through being human are the only option.

To clarify our point, we quote Vardy (2003), who accentuates the distinction between ethics during antiquity and today's post-modern era. The Greek philosophers, according to Vardy, considered the question 'How shall we live?' to be the most important one of all, as a consequence of being human. Nowadays, we are not only farther away from finding an answer but we have also forgotten the question. The irony is that there now exist numerous codes of ethics and conduct drawn up by many professional bodies to guide members to behave, unlike during Greek civilisation when the codes were unwritten.

## **The Contents – The Human Elements**

The concern that the extant model of ethics education does not reflect the role of human being as the key player in manifesting ethical behaviour among accountants is the heart of our argument. We believe human governance that is the internal moral drive that should be the focus for good governance rather than an over-emphasis on the processes of corporate governance only (Salleh & Ahmad, 2008; 2009; 2010). Hence, in educating accountants to be ethical individuals, there is an unequivocal need to facilitate their realisation of the necessity to have a conscience of what is good and bad. From having a conscience, an individual then, according to Ouspensky (2008), exercises his or her consciousness, or acts to manifest ethical behaviour.

Conscience and consciousness are two core attributes of human beings. However, if the role of human beings in the network of relationship is not made a subject of discussion, knowledge of conscience and consciousness cannot be imparted. According to Stapp (2007, p. 6), "it is the revised understanding of the nature of human beings, and the causal role of human consciousness in the unfolding reality, that is, I believe, the most exciting thing about the new physics, and probably, in the final analysis, also the most important contribution of science to the well-being of our species". We, therefore, view an ethics education framework with the human elements absent as offering an imbalanced representation of the reality of governing accountants as decision-making human beings. This missing link is the elemental bond that connects accountants to the professional community of other human beings within and outside the organisations they work – the environment and their transcendental accountability. Knowledge of the various rules of law imposed to reprimand unethical behaviour only helps to complete the picture. Moreover, although it can help build a mental image of the consequence of unethical behaviour, like other written codes of law, knowledge of enforcement severity can function only as a back-stop. Borrowing Ornstein's (1991) argument, because human beings have changed the world so much, we as a society need to redirect our adaptation consciously back to "being human", as sufficient reasoning for ethical behaviour.

The point we are making is that the need to embed content knowledge of what it means to be human in this universe (hence actualising accountability beyond the self) and the governance of human beings in decision making is critical.

As long as ethics is viewed as a consequence of the imposition of rules and governance as a process to keep the rules in place, the approach to facilitating the learning of ethics will remain confined to emphasising only the rules-based theoretical construct of ethics. Undoubtedly, the theoretical principles of ethics are provided. However, without providing guidance on how to realise ethical

behaviour as a human being, actualisation of the principles is difficult to achieve. Therefore, it is imperative that in any ethics education initiative that the human professional must be exposed to the principles of ethics that a human must observe in relation to the decision-making process. An understanding of the human being's internal governance structure for living ethically is essential.

We hope the justification for the need to bring back the centrality of human beings in the edifice of professional ethics among accountants thus far is sufficient to invite a re-thinking of the manner in which accounting ethics education has taken shape. At least for accountants in the Asia Pacific region, if not throughout the world, linking their private space to the professional sphere would not be too challenging given that many do subscribe to the oneness principle. At this juncture, we feel obliged to reiterate that our conviction on the profoundness of the role of human beings in the arena of ethics education is also well founded upon the reality of science, which also parallels Eastern religions and traditions.

### The Proposed Model – The Framework

To any existing ethics education model, we propose two new topics to be added to the curriculum: (i) what it means to be human in the universe's web of relationships, and (ii) values-based governance of the human being. In line with IFAC's stance on the flexibility of local content, another new topic that might be considered would be with respect to areas of peculiarity in the financial and professional framework of a particular jurisdiction. We summarise the contents of the framework in Figure 1.

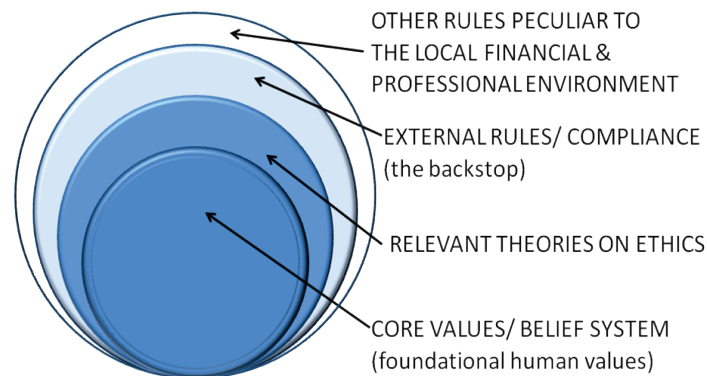


Figure 1. Contents of new proposed accounting ethics education model

The two components relating to human beings are captured in the first circle forming the foundational human values essential for ethical behaviour. The



introduction of the role of the human being should lead to a better understanding of the fundamental canon of the wholeness and oneness of the universe, which is, in turn, useful in other areas of accounting and management functions. The second circle covers the relevant theories of ethics, while the subsequent one provides the details of the relevant rules and codes that accountants need to comply with. With the basic core values and belief system shaped, coverage of the relevant theories of ethics and existing rules and codes of conduct becomes useful to complement the internal principles guiding professional accountants as human beings. The requirements of the profession merely set the boundaries upon which human accountants should not over-tread, rather than function as the core motivator for good conduct. An individual accountant will subscribe to good behaviour out of the desire to live according to his or her humanness rather than out of an obligation to conform to rules. The final and outermost circle that envelops the circles of foundational value, relevant theories, and rules, represents any other legal requirements peculiar to the local setting where the accountant will practice.

We next examine some theoretical underpinnings of ethics in established disciplines that parallel accounting ethics education. Based on the similarities between the role of teachers and accountants – in that teachers also cannot compromise on their ethical values because they not only impact but also shape society at large – we make reference to teacher education. Nash (1991) contends that educators need to be appropriately educated in ethics to perform their teaching tasks professionally. Nash argues that ethics courses in education that emphasise rules and relevant principles only approach resolution of ethical dilemmas and are incomplete and non-comprehensive, based on accepted theoretical constructs of ethics, he proposed the inclusion of character structure and beliefs/ideals that otherwise tend to be ignored. Nash further asserts that every applied ethics course should include rigorous preparation to balance all three approaches if teachers are to appreciate fully the complexity of ethical decision-making.

Compared to our proposed framework of ethics education, the first circle encompasses the beliefs/ideals and character structure of the three conceptions that Nash referred to. Ethics principles and rules are captured in our second and third circles, respectively. Therefore, we take comfort that our proposed framework not only meets the scientific premise of reality, which also parallels religion and Eastern belief systems, but it also supports the applied ethics theoretical construction. In addition, it also allows for cultural aspects peculiar to a jurisdiction to be included.

## CONCLUSION

In this final section, we recap our salient finding that based on the statement by IFAC, as contained in IES 4, accounting education is founded upon the correct purpose of education – imparting relevant knowledge and technical competence with a moral purpose of shaping good character.

However, manifestation of this underpinning was found lacking in the manner by which ethics education is documented and implemented. An extant framework suggests a flawed positivist worldview of reality strongly entrenched in the outdated classical-science school of thought of the command-control regime of human behaviour, motivated by external rules devoid of the fundamental of the oneness principle. Even during Antiquity, Aristotle, in his "Ethics: Book Ten", articulated principle-based virtue ethics. Rules to him are meant more for those who only obey necessity and compulsion rather than argument and ideals. Hence, in this article, we provide a more holistic framework of accounting ethics education that not only meets the scientific verity of reality, Eastern religion, belief systems and traditions but also addresses the relevant applied ethics theoretical construction. We entreat accountants to reflect on their arbiter of truth. We hope the framework can function as a guide for future curriculum revisions so that a new perspective of ethics can be passed on to shape future generations of accountants. Paraphrasing Dewey's argument (Dewey, 1938) for educational reform from traditional to progressive education, we argue that there is now the necessity to introduce a new order of conceptions of ethics and governance, which should lead to new modes of practice in accounting ethics education.

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