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BOOK REVIEW FOR BRITISH ACCOUNTING REVIEW

Ethics and the Professional Accounting Firm: A Literature Review

Aileen Pierce

2007, Institute of Chartered Accountants of Scotland, Edinburgh

xiii + 185pp., £15.00 or free pdf download, ISBN: 1 904574-24-6

Given the importance of ethics to the practices of accounting and the relatively limited and disparate body of relevant research, the publication of this monograph as one of the follow-ups to the agenda set by Helliar and Bebbington (2004) is very much to be welcomed. Since the ‘failure’ of professional accounting firms – most notably Arthur Andersen in the case of Enron – has been fundamental to the recent growth of interest in, and concern for, accounting ethics, this volume is particularly apposite.

There can be said to be two basic challenges in conducting a literature review. The first is to identify the relevant material. Unfortunately, as the author correctly observes, ‘there is a paucity of research focusing directly on accounting firms in general, and the ethics of their practices and influences, in particular’ (p.143). Therefore it is not surprising that she devotes considerable space to related or ‘contextual’ literature, organised into three chapters:

1. Professions, Professionalism & Professional Firms
2. Professional Ethics
3. Ethical Dimensions and Challenges

The final, fourth chapter sets out the conclusions. A useful bibliography completes the monograph. There is also an executive summary and a foreword.

The second major challenge when conducting a literature view is how to make sense of the material identified. The three chapters provide a reasonable division of topics and themes, but in places the monograph feels more like a summary survey than a review as such. The author presents the work of previous writers clearly and fairly, but where she finds herself presenting contrasting definitions, results or opinions, it would have been helpful to have had more evaluative input from her. Perhaps it would have been too much to have expected a definitive judgment on the issues involved, but her assessment of what – if anything – is at stake when differences are identified would have been interesting. Nevertheless, the overview and accompanying bibliography are a useful resource.

It is virtually inevitable that an academic will conclude a piece of work by identifying the need for further research, but that seems especially fair comment in this case, and some general research questions are listed towards the end of the final chapter. They include:

- Is there any difference between a profession and an industry in the 21st century?
- Can the focus on commercial success by professional firms be reconciled with high moral standards?
- Can moral character be institutionalised in an accounting firm?
- What determines ‘good’ accounting firm culture and ‘bad’ accounting firm culture?

Readers of the monograph will no doubt be able to think of many others, but these and the others she lists are certainly pertinent questions. It is to be hoped not only that professional bodies will be willing to fund research to answer them, but also that accounting firms will be willing – indeed keen – to cooperate in providing access to research data, whatever the research method used. As the author notes, this will need to be at all levels of accounting firms. Most of the (limited) empirical work to date has been conducted on large, US accounting firms. Given the potential influence of culture and context, even with a globalizing profession and business sector, more non-US work is highly desirable, though that should not be taken to imply that there is a surfeit of US research; far from it – much still remains to be done there too. Moreover, although large accounting firms – the Big Four and their predecessors – loom large in both the profession’s crisis of confidence and academic research studies, the importance of understanding mid-tier and smaller firms should not be forgotten.

For anyone wishing to undertake research in an attempt to contribute to providing answers to the many questions about ethics and (in, of?) the professional accounting firm, this monograph is a good starting point and therefore to be welcomed.

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Reference

Helliar, C. and Bebbington, J. 2004. *Taking Ethics to Heart*. Institute of Chartered Accountants of Scotland, Edinburgh.