

Cultural and Socialization Aspects

Examples from Schools of Medicine, Law and Management

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Economics, Business and Management

Part of the problem of resolving ethical issues, is of course to be confident of addressing them in the terms we have been taught or learned from experience to consider.

Kenneth Boulding, Professor Economics at the University of Michigan lecturing at a seminar sponsored by Penn State in 1962 on the subject of Ethics and Business, observed: "...no a priori proof is possible in any proposition of ethical theory; that is, we cannot arrive at a rule of choice which will always give us the best personal ethic by a process involving pure logic, without reference to the world of experience." As an example Boulding notes... "even though we may not wish to set up survival value as an absolute standard for the choice of personal ethical systems, it is clear that survival value strongly limits the choices which may in practice be made. " (Ethics and Business, 'An Economist's View' p. 3, 1962, The Pennsylvania State University).

Writing in 1968 and quoting Roger Blough, then Chairman of United States Steel, Robert Fulmer noted "...Many college graduates hesitate to seek business employment because they fear they will be asked to violate their ethical standards." ('Business Ethics: The View from the Campus,' Personnel, March/April 1968, p.31.)

This article goes on to quote the 1960 article in the Harvard Business Review by a person recently honored by induction to the Accounting Hall of Fame, Professor Robert N. Anthony. Writing in the November/December 1960 issue of the Harvard Business Review Anthony inquired: "Why are college graduates who are trained in our mother

science, economics, so ill equipped to handle real life business problems?" "I have finally concluded," he states,"that the trouble stems from the assumption in most college economics texts and college classrooms that the objective of business is to MAXIMIZE PROFITS." (Emphasis supplied. Robert N. Anthony, 'The Trouble with Profit Maximization' Harvard Business Review November/December, 1960, p. 126.

Now, have I brought you all this way to suggest that the truth of the matter was found over a quarter of a century ago? Well, its really more than that, you see, for OVER A CENTURY AGO, Walter Bagehot who served as the editor of The Economist expounded on what might be a similar note. He observed: "It is the men who have no other intellectual life except the life of commercial enterprise who are the truly dangerous men, not dangerous because they are generally less scrupulous, but because they are more eager for the full employment of their powers than their better educated contemporaries. The energy of commerce," he continued," runs with a strong current, in part at least because it runs between such very narrow banks. Let it find a number of different mouths, a delta instead of a single opening and it will not rush on with the same dangerous velocity. Culture always diminishes intensity. In the commercial world we could well afford to favour that result." (emphasis supplied 'What Drives Great Men of Commerce,' Forum, The New York Times, Sunday September 21, 1986).

Accountancy

My response and reaction to all of the above, as it relates to accountancy is that since at least the second decade of this century, accountancy education has responded to a market demand for highly technically trained individuals as measured by their ability to

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And for all my empirical friends and scholars in the audience who prefer not to join in such intuitive leaps on what they would smugly dismiss as anecdotal evidence let me encourage them to get off their dead notations and develop a more rigorous examination of the issue. But, while we are waiting for these researchers to frame their hypotheses there may be others who wish to consider what can be done from what evidence we have in order to address establishing a culture for professional accountancy that will be appropriate for our role in society.

Let me ask you to consider the following. The essence of a profession is a sense of moral authority which places the well being of those we are asked or expected to serve above our own well being. A culture which expects or seeks only competence (pass the professional exam) is deficient. It must also seek to aid the well being of others. Speaking last month on the subject of students' intellectual and moral welfare, Frank H. T. Rhodes, president of Cornell University said:

Without some larger sense of commitment and connectness students are impoverished...we must strive to impart not just facts but encouragement and support for students to develop some philosophy of life, not just credentials, but commitment to large and noble goals; not just skills, but high ideals of personal and professional service.

We must encourage students to make not only intellectual, but also moral and ethical sense of their world. That is why moral education is so difficult, so dangerous, yet so vital. Beyond a few precious goals we share in common...a commitment to truth and tolerance, a respect for others..we have no common moral view. We are a nation of pragmatists, but even pragmatists need some light by which to live... (Chronicle of Higher Education November 26, 1986, p. 20) Now, where do we find this light, while we are waiting for more

information? In in what way can accounting educators meet the challenge of a commitment to truth?

As to the former, one could begin by restoring to light the particulars in reports which exist in abundance about our educational

community, from the Horizons Study, to the Albers Report, the the Bedford Report and recently one could seek to learn more about the recent AICPA Anderson Committee Report. ('A Fresh Look at Standards of Professional Conduct,' by George D. Anderson, Journal of Accountancy, September 1985, pp. 912,56,8;102,46).

Each of these documents may have only received prefatory attention but never been studied by the very persons, OURSELVES, who profess to be educators in the field of accountancy. Each of these reports, and many like them provide the essential ingredients of our culture regardless of the form in which it may be offered.

SUBSTANCE AND FORM

As to the latter matter, the commitment to truth (as a substance of our educational process) can be addressed by recognizing as our synonyms the ideals of integrity and objectivity. And if the studies cited might be viewed as means of achieving the substance of a curriculum for our professional culture, will also require competence at the technical level. Together these provide a basis for the substance of our culture.

The FORM of our culture, if we are to adopt the mold used by medicine and law would of course, would be a school of accountancy. Now it must be asked, can each of the members of this Federation on the 10th anniversary of its first official meeting must find in this identification of culture an intangible upon which to begin to differentiate its students and its programs from those less identified with the development of professionals for careers as professionals in public practice and financial management? Such a process is begun by recognizing the need to relate what we do in the classroom to the

ideals of INTEGRITY, OBJECTIVITY AND COMPETENCE. For if we can instill in our students a commitment to these three ideals we will have substituted for profit maximization the essence of accountancy's professionalism.

Integrity, objectivity, competence, three concepts for us to educate by. Is it asking too much for each of us to contemplate the significance of these in what we do every day? If we can form the habit of reference to these as guides for action, we will, I submit, have accomplished proper if long overdue start.

successfully complete the CPA exam. In short, the educational process, its texts, its curriculum and its objective have been driven by the CPA examination. Since the end of World War II, alone AICPA membership has grown from merely 9500 to nearly 240,000 members. We, as educators can take credit for such a grand output, particularly when we recognize that the vast majority of these entrants have achieved a college accounting education at our hands. We need offer no apologies as to our ability to meet the volume demanded of us. Ah, but what about the quality of our product in terms of its ethical construction?

Perhaps we too, as noted by Anthony have relied on our mother discipline, economics and instilled, by means of byproduct a culture or mind set of habits which out of respect for our system of markets based free enterprise might too easily be understood to support PROFIT MAXIMIZATION per se.

'Mans nature is very much the same; it is his habits that carry him far apart.' This, at least is what Confucious observed centuries ago. To the extent that our programs address and form the minds of young persons who are establishing their sense of adult values, our programs form their habits. If we stress PASSING THE CPA EXAM AS THE OBJECT OF OUR EDUCATION PROCESS and borrow from the business curriculum to which we have been unduly influenced for too long, the credo of PROFIT MAXIMIZATION, then it is no mystery that as recently as December 2nd, 1986 in a speech to the Union League of Greater New York, Felix Rohatyn observed: "I have been in business for almost 40 years and I cannot recall a period in which greed and corruption appeared as prevelant as they are today." (Notable and Quotable, p. 22, The Wall Street Journal, December 5, 1986.)