

Ethical Discourse and Canadian CA's, 1912-1997

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ABSTRACT. The current study examines informal, practitioner-directed ethical discourses within the Canadian CA profession for the 1912-1997 period. Starting from the premise that ethical discourse within practitioner journals are less constrained, more flexible and timely than formal ethical codes in communicating "important" ethical information to the lay membership, we examine: (1) is the CA profession's current interest in ethics a recent phenomena?, (2) what was meant by the term ethics in earlier periods?, and (3) are current-day ethical discourses a continuation of - or break with - prior discourses? We expect that the analysis provides a necessary historical context for understanding the state of current-day ethical discussions with public accountancy.

If you decide it's too much a burden to self-govern your profession, all you have to do is relax your ethics. If ethics are discarded, Rome will burn.
(*CAMagazine*, July 1991)

The profession of public accountancy in Canada and the United States has witnessed a resurgence and proliferation of ethical discourse over the last 15 years. Centres of ethics within Canadian and American universities, the publication of textbooks (Brooks, 1995) and research monographs (Gaa, 1994) on ethics within accountancy, the sponsorship of ethics conferences by public accounting firms, the production of training videos dealing with ethical behaviour (American Accounting Association, 1989), the formation of academic journals dealing with accounting ethics (*Research on Accounting Ethics*), and the increased discussion of professional ethics in practitioner journals such as *CAMagazine* and *Journal of Accountancy* illustrate this expansion of ethical discourse.

This increased interest in ethics is also evident within accounting scholarship. Studies of both the importance and limitations of ethical codes in providing guidance to practising professionals (Brooks, 1989; Frankel, 1989), of the impact of firm-specific socialization on ethical deliberation (McNair, 1992; Ponemon, 1992), of the institutional context in which ethical behaviour occurs (Fogarty, 1995) and of the importance of education to moral development (Armstrong, 1987) are but some of the topics that have been examined. These studies have increased our understanding of the dimensions of ethical reasoning and the current-day context in which ethical deliberation is practised within accounting.

In contrast to the amount of scholarship on these topics, less attention has been directed to either the historical dimensions of ethical discourse or to the varied forms that such ethical discourse might take. As a consequence it is difficult to contextualize the current interest in ethics within public accountancy. For example: (1) is our current interest in ethics within public accountancy a recent phenomena? (2) what was meant by the term ethics in earlier periods? and (3) are current-day ethical discourses a continuation of - or break with - prior discourses? As MacIntyre (1987) states, it is important to situate current-day ethical discourses in relation to these historical discourses.

The current study examines ethical discourses within the Canadian CA profession for the 1912-1997 period. Starting from prior work in the area of the sociology of the professions, we theorize the importance of ethical discourses to the maintenance of professional privilege. We then use this theoretical framing to help us to answer the preceding three questions. The



theoretical framing and analysis also allow us to hint at why, or why not, ethical discourses may have changed.

Our focus in the subsequent analyses is on ethical discourse contained in the *CAMagazine* and its predecessor the *Canadian Chartered Accountant*. As we suggest in the next section, these practitioner-directed, informal discourses are salient to the maintenance of external and internal professional legitimacy. In contrast to formal ethical codes, ethical discourse within practitioner journals is less constrained, more flexible and timely than formal ethical codes in communicating “important” ethical information to the lay membership. For these reasons, journals such as the *CAMagazine* and *Journal of Accountancy* are important sites of ethical discourse within public accountancy.

The current study contributes to our understanding of ethics within public accountancy in three ways. First by theorizing the importance of ethics to public accounting associations and by differentiating between formal ethical codes and the ethical discourses contained in practitioner journals, this study helps us to understand the varied forms and sites of ethical discourse within public accountancy. Second, the analyses document how ethical discourses have changed over time thereby providing the context for understanding current-day ethical discourses. Finally the study hints at why ethical discourses have changed, emphasizing the importance of external events and internal demographics in shaping ethical discourses. Although our analysis concentrates on the Canadian context, we expect that an analysis of other accountancy professions would yield similar results (cf. Preston et al., 1995; Robson and Cooper, 1990).

Theoretical framing

CA's in Canada and CPA's in the United States possess the wealth, status and autonomy usually associated with professional privilege (Portwood and Fielding, 1981), but why?¹ One suggestion is that CA's and CPA's have managed to maintain external and internal legitimacy (Klegon, 1978, p. 271; Robson and Cooper, 1990, p. 375) by

successfully balancing the matrix of social relations in which the accountancy association is embedded (Fielding and Portwood, 1981, p. 50). Klegon (1978) refers to this as managing the external and internal dynamics of the profession whereas Abbott (1988) and others (cf. Richardson, 1987a; Simmons and Neu, 1997) speak in terms of a “system of professions” and of the need to maintain a “congruency of values” among relevant publics and the accountancy profession.

In thinking about the importance of external legitimacy, prior research has focused on the roles played by other institutional actors in supporting or challenging professional legitimacy. For example, relations with capital markets are salient in that public accountants often act as agents within such markets (Johnson, 1977, pp. 103–104). Likewise, relations with other accountancy associations, lawyers and other professionals such as financial planners may either support or challenge the claims of public accountants to professional privilege (Richardson, 1987b). Finally, relations with the state are important in that monopoly licensing arrangements buttress claims to professional privilege and contribute to the wealth, status and autonomy enjoyed by CA's and CPA's (Puxty et al., 1987).

This prior work on external legitimacy emphasizes that legitimacy is not static but must continually be maintained. Public accountancy associations “mimiced” (cf. DiMaggio and Powell, 1983) the procedures, practices and organizational forms introduced by other high status professions and comparable public accountancy associations in other countries (Abbott, 1983). They attempted to signal conformity with public expectations if possible and, when not, they attempted to change public expectations (cf. Dowling and Pfeffer, 1976). They also responded to the legitimation crises caused by discrediting events such as bank failures (cf. Neu and Wright, 1992). This prior work asserts that the maintenance of external legitimacy depends on a constant monitoring and sensitivity to events in the external environment.

Whereas external legitimacy is important, internal legitimacy is equally salient. Professional associations must continually justify and ratio-

nalize the reasons for professional association existence to its disparate members. Professional associations are never homogenous in that demographic differences (Richardson, 1989b), geographic differences (Creighton, 1984), access to high status tasks (Child and Fulk, 1982; Richardson, 1989a), and fissures between associational leaders and lay members (Van Hoy, 1993, p. 94; Simmons and Neu, 1997, p. 801) challenge the internal legitimacy of associational leaders and the association itself. For these reasons, associational leaders continually attempt to manage external and internal dynamics as a way of sustaining legitimacy and, hence, professional privilege.

Professional claims regarding norms of competence and conduct (Gaa, 1994, p. 13) contribute to the maintenance of legitimacy. Norms of competence support professional claims that its members possess cognitively exclusive knowledge not available from others (Richardson, 1988; De George, 1990). Norms of conduct buttress claims regarding the moral superiority of members vis-a-vis others (Klegon, 1978, p. 265; Kieser, 1989). These claims help justify the existence of monopoly privileges regarding the provision of public accounting (Neu and Saleem, 1996, p. 37) and forestall jurisdictional challenges from rival groups based upon charges of incompetence or moral inferiority (cf. Abbott, 1988, p. 60).

Besides fulfilling symbolic roles, norms of competence and conduct impact upon the behaviour of individual members thereby contributing to both external and internal legitimacy. Since it is the individual practitioner, not the professional association, that performs the accounting work and thus is responsible for any inappropriate behaviour (Abbott, 1988, p. 61; Neu and Wright, 1992, p. 662), norms of conduct and competence function as important behavioural controls. Larson (1977, p. 14) refers to this as “producing the producer”, arguing that such production is important to the maintenance of professional monopoly. Likewise Abbott (1983) acknowledges the importance of such behavioural controls in not only managing the external dynamic but also in maintaining internal professional cohesion. In these ways, norms of

competence and conduct can be viewed as important legitimation devices.

Although norms of competence and conduct have the potential to maintain legitimacy, national associations such as the Canadian Institute of Chartered Accountants (CICA) have limited influence in these areas since education and training requirements are mostly the jurisdiction of the provincial institutes – however the CICA does indirectly control aspects of the uniform final exam (UFE) process. In terms of norms of conduct, disciplinary proceedings are a provincial responsibility as are the formal ethical codes. However, harmonization amongst the provinces has resulted in mostly uniform ethical codes.

Ethical discourses in practitioner journals such as the *CAMagazine* are one of the few mechanisms for influencing norms of conduct available to the CICA. The *Canadian Chartered Accountant* (the predecessor to *CAMagazine*) was launched by the Dominion Association of Chartered Accountants (the predecessor to the CICA) in 1911. Philip Creighton, a historian, states that: “this publication . . . provided the profession in Canada with a vehicle for *expressing its views, educating its members, and influencing the development of accounting thought in Canada*” (1984, p. 70, emphases added). Creighton’s comments indicate that the journal was envisioned as a method of communicating important information to geographically and ascriptively diverse lay members regarding norms of professional behaviour.

Although formal ethical codes have been a more popular site for investigation, prior work has hinted at the importance of such “informal” mechanisms in encouraging ethical behaviour:

Informal or situational rules are in fact the more important mechanism of social control. It is therefore important to consider professional ethics – that is formal codes and their enforcement – as independent phenomenon, viewing informal controls and rules as a context and an alternative (Abbott, 1983, p. 857).

Abbott’s comments draw our attention to the ways in which formal ethical codes and informal ethical discourses may be complementary yet

alternative methods of encouraging certain professional behaviours.

In part, the timeliness and flexibility of informal ethical discourses in practitioner journals vis-a-vis formal ethical codes contributes to their salience. Since its inception in 1911, the *Canadian Chartered Accountant* has been a monthly publication consisting of an editorial by the editor and additional articles. In contrast ethical codes of the provincial associations have been relatively static with major revisions occurring, on average, once every eight years (cf Neu and Saleem, 1996, p. 42). Furthermore, the monthly journal allows for greater interpretation and detail than do ethical codes. In an "average" year, the *CAMagazine* will contain 12–20 pages of editorial commentary on the events of the day and at least 50 articles. In contrast, ethical codes tend to be less specific and more aggregated, especially in the period since 1973 (cf. Neu and Saleem, 1996). As a consequence, the timeliness and detail of the practitioner journal along with the relative infrequency of revisions and aggregated nature of formal ethical codes contributes to the effectiveness of practitioner journals in communicating and disseminating norms of conduct.

The preceding theoretical framing proposes that norms of conduct are important to the maintenance of external/internal legitimacy and that ethical discourses contained in practitioner journals such as the *CAMagazine* are an important mechanism for communicating such norms. It also suggests that norms of conduct are unlikely to be static but rather that these norms are sensitive to changes in the external environment and changes in internal membership demographics. Starting from this perspective, the next section examines how, if at all, ethical discourses within the *CAMagazine* have changed since 1912.

The Canadian CA's

Method

The preceding section suggested that informal discourses in the *CAMagazine* should be viewed as an important site of informal ethical discourse.

However the length of time under consideration (86 years) and the sheer amount of material contained in *CAMagazine* posed some challenges of interpretation. Consequently, it was necessary to make some trade-offs between the scope of the study and the richness of the provided interpretation. The remainder of this section outlines the decisions that were made.

Although the *CAMagazine* contains editorials, articles and more recently letters to the editor along with regular columns, a decision was made to concentrate on editorials. Since we believed it necessary to narrow the amount of data examined, editorials seemed to be a good choice. In part, we made this decision because the professional association via the editorial committee has more control over the content and consistency of the editorials than is the case with individual articles (cf Simmons and Neu, 1997). While we think that editorials, articles and "departments" are components of informal ethical discourse, restricting our analysis to editorials reduced the available archival material to a somewhat more manageable amount.²

The second decision concerned how to make sense of the remaining data contained in the editorials – in terms of both the amount of material and the existence of changes in emphasis over time. After all, even a single page of editorial commentary per month would result in over 1000 pages of material. To help "organize" the data, we decided to partition it into three periods.

The partitioning of data into temporal categories is a preferred technique within historical work on accountancy (cf. Tinker, 1980; Lehman and Tinker; Preston et al., 1995) since it allows the researcher to concentrate on a discrete number of categories. Although it is acknowledged that differences within categories will exist, the presumption is that partitioning helps to reduce historical data to a manageable number of analytical units. In the current study, we partition the editorials into three periods: 1912–1944, 1945–1963, and 1964–1997. These periods are based upon our in-depth reading of the available archival materials (i.e. *CAMagazine* and annual yearbooks) as well as secondary histories such as Creighton (1984), Murphy (1980),

1986), and Richardson (1987a, 1987b). However to provide a better indication of the trends in ethical discourse, some of the later analyses report the changes in these discourses on a decade-by-decade basis (see Table II and Table IV).

The sheer volume of archival material also encouraged us to utilize an electronic text analysis program called *ZyIndex* (ZyCo International, 1995). This program performs content analyses of different themes in an electronic data base. While such analyses do not supplant conventional narrative techniques, they introduce a useful method of organizing and analyzing large volumes of archival material. In particular, electronic textual analyses helps highlight themes that might otherwise be missed. We scanned and transcribed the editorials into an electronic database and then used the capabilities of *ZyIndex* to identify and analyze changes in the frequency of certain ethical themes. As we discuss below, prior research along with an iterative analysis of the editorials themselves was used to generate a list of ethical themes. The results of this text-based analysis were juxtaposed with an in-depth reading of the editorials themselves to ensure the adequacy of the provided interpretation. Thus while it is acknowledged that the summarization provided by such text analysis packages do not capture all of the nuances of ethical discourse over this 86 year period, it does provide a useful way of making sense of the large amounts of editorial data.

The ethical themes reported in Table I were derived via an iterative process. An initial list of potential themes was generated from a reading of prior research studies. Notions such as character, duty, reputation, honesty, integrity etc figure prominently in prior studies of ethics within public accountancy. These themes formed the baseline for our analysis of the editorials using *ZyIndex*. However our list of ethical themes was supplemented and modified as the analysis progressed. While the final list of themes contained in Table I is not meant to be exhaustive of the ethical discourse contained in editorials, we think that the identified themes provide a useful snapshot of the nature of ethical discourse at the different junctures.

The results contained in subsequent tables are

“adjusted” frequencies. *ZyIndex* was used to identify potential incidences of different themes using boolean search techniques where “wild-cards” (*) are inserted in the search terms to capture any variants of the word $\bar{x}y$ for example *moral* would instruct the program to search for variations such as immoral, morality. This procedure identified the specific editorials that made reference to the discursive theme. However, to ensure that the identified passages and keywords were being used “in context”, we returned to the editorial and read the passages in question. Thus, the potential incidences identified by *ZyIndex* represented the upper bound on the frequency of discursive themes since our reading of the editorials resulted in a downward revision in the number of actual incidences reported in subsequent tables. Additionally, the tables report the results on a “per year” basis to adjust for differences in the number of years in each of the three periods.³

In sum, we decided to: (1) concentrate on editorials, (2) partition the data into periods, (3) utilize an electronic text analysis package, and (4) focus on the relative frequencies of certain ethical themes. Undoubtedly these choices limit the richness of the provided interpretation. However given not only the time period and amount of data under consideration but also our research questions, we believe that these choices are appropriate.

Results

The frequency of ethical discourse

Table II reports how often the discursive themes contained in Table I appeared over time. The data contained in Table II indicates that the frequency of editorials containing ethical discourse has varied between 13% and 23% with the average being 17%. Thus, on average, we observe two editorials per year providing members with ethical discussion (see footnote #3).

The results provided in Table II suggest that the CA profession's current emphasis on ethics is not a recent phenomena in that ethical discourse has existed within the editorials since the

TABLE I
Discursive themes

Discursive theme	Representative quote
Ethics	"It is the <i>ethical</i> basis of a profession on which its future will be built. The constant consideration of right and wrong conduct in business and in the profession is the way to establish it. No professional people should lead unexamined lives, and none are more practiced in the technique of examination than chartered accountants." (March 1960)
Virtue	"Plato in his Apology put into Socrates' mouth the words: 'Daily to discourse about <i>virtue</i> and of those other things about which you hear me examining myself and others is the greatest good of man. The unexamined life is not worth living.'" (March 1960)
Morality	"Almost daily media inform us that standards of <i>morality</i> are in a state of constant change – a change towards greater relaxation from standards derived from religious absolutes. No matter how we may view this trend, it is a fact that the chartered accountant's recognized qualities – integrity, independence and fairness of viewpoint – rear up like mountain peaks to hold the public eye. If the moral standards of others appears to be sinking into the abyss of nihilism, our standards must not only be maintained but strengthened and unified. The public must not find us (or believe us) to be tainted with the irresponsibility which characterizes so many other facets of society's day-to-day existence." (November 1969)
Character	". . . the building up of <i>character</i> is accomplished by a series of steps, much as the erection of a building is through the laying of bricks, one at a time. There is no other sure way, for through the oft-repeated action not only is the moral fibre strengthened, but a habit is formed of doing the right thing and the useful thing rather than that we should not care to remember." (January 1915)
Reliability	"If you cannot be relied upon, you don't count for much. If you won't stay put, no one can or will depend upon you, no matter how smart you may be. <i>Reliability</i> and stability are the qualities most needed by men in the world's work. Their world is full of good ideas, good plans and fine opportunities, but there are relatively few men who can be relied upon to 'carry on'." (July 1919)
Honesty	"To me the crowning glory of our profession is that it must ever stand for the highest ideals in the life of the individual and for the slow but sure evolution of society into a state where honor and <i>honesty</i> shall not be mere abstractions." (1934)
Integrity	"Much of our traditional image is well worth preserving. Look behind the negative, green-eyeshaded stereotype – uncreative, introverted pedantic, obsessed with accuracy to the last penny – and you have the positive image of a professional with the utmost <i>integrity</i> who never makes a statement, particularly one for third-party use, without having taken the greatest care to ensure that the statement is objective and appropriate. That's the image that has given our clients a deep-rooted trust in the credibility and reliability of our services up to now." (March 1985)
Objectivity	"The substance of independence, said the report, is the attitude of mind termed ' <i>objectivity</i> .' That attitude is developed and preserved by personal qualities such as professionalism, integrity and strength of character and cannot be achieved by rules or legislation." (November 1985)
Independence	" <i>Independence</i> in thought and action is the keystone of public accounting. There is no argument on this point; the profession accepts it without reservation that a member acting as an auditor must maintain independence . . . the auditor must not only be independent but appear to be independent." (April 1968)

TABLE II
Percentage of editorials containing ethical discussion

	Percentage of editorials containing ethical discussion	Average number of editorials per year containing ethical discussion
1912-1921	13%	1.56
1922-1931	23%	2.76
1932-1941	23%	2.76
1942-1951	13%	1.56
1952-1961	15%	1.80
1962-1971	21%	2.52
1972-1981	13%	1.56
1982-1991	20%	2.40
1992-1997	13%	1.56
Average	17%	2.04

inception of the *Canadian Chartered Accountant*. However the data also highlights that, in certain periods, the level of ethical discourse exceeds the apparent baseline level. For example, the numbers contained in Table II suggest that the baseline percentage of editorials containing ethical discourse is thirteen to fifteen percent. However,

in certain periods we observe slightly higher-than-average levels of editorials containing ethical discourse. The two most recent periods of increased frequency (1962-1971 and 1982-1991) correspond to periods in which external crises – the Atlantic Acceptance failure in the mid 1960s and the CCB/Northland Bank failure in the mid 1980s – preoccupied the CA profession.⁴ We return to the association between external events and the level of ethical discourse in a later section.

Discursive themes

Table III provides information on the frequency of individual discursive themes in each of the three periods.

Within the Table, we have partitioned the themes into a general category and two specific groupings which we refer to as “historical” themes and “modern” themes. The general category is simply the number of times that some variation of *ethic** was referred to in the editorials. The data contained in Table III suggests that the frequency of references to *ethic** has

TABLE III
Frequency of discursive themes

	1912-1944	#/yr	1945-1963	#/yr	1964-1997	#/yr	1912-1997	#/yr
Ethic*	89	2.70	56	2.95	91	2.68	236	2.74
1. “Historical”								
virtu*	4	0.12	4	0.21	0	0	8	0.09
moral	42	1.27	11	0.58	9	0.27	62	0.72
character	24	0.73	16	0.84	6	0.18	46	0.53
reliab*	10	0.30	5	0.26	18	0.53	33	0.38
honest	44	1.33	14	0.74	18	0.53	78	0.91
Subtotal	124	3.75	50	2.63	51	1.51	227	2.63
2. “Modern”								
integrity	23	0.70	19	1.00	63	1.85	105	1.22
objectiv*	1	0.03	11	0.58	56	1.65	68	0.79
independen*	70	2.12	75	3.95	163	4.79	308	3.58
Subtotal	94	2.85	105	5.53	282	8.29	481	5.59
TOTAL (1+2)	218	6.6	155	8.16	333	9.8	708	8.22

remained relatively constant over time, varying between 2.7 and 2.95 references per year. This is consistent with the data contained in Table II which indicated that the general frequency of editorials containing ethical discourse has remained relatively constant over time.

The “historical” themes contained in Table III refer to what has been called the “Victorian virtues” of professional ethics (cf. Preston et al., 1995). References to virtue, morality, character were quite prevalent in many professions at the beginning of the twentieth century (Abbott, 1983). In contrast, by default what we refer to as “modern” themes consist of the trinity of integrity, independence and objectivity (cf. Gaa, 1994; Preston et al., 1995).⁵

The data contained in Table III documents the decreasing importance of historical discursive elements and the increasing importance of modern discursive elements over time. During the 1912–1944 period, notions such as morality, honesty and character were a significant component of ethical discourse. However beginning in the 1945–1963 period we observe a precipitous decline in the frequency of such discourse and the beginning dominance of modernist elements. For example, references to *moral* (i.e. immoral, morality etc) and *honest* (i.e. dishonest, honesty etc) both decreased by 100% between the first and second periods. By the most recent period, historical elements comprise a minimal component of the ethical discourse representing about 15% of the total. And within this most recent period, we observe no references to virtu* (virtue etc) and few references to *moral* or character.

On the basis of the data contained in Table III it seems possible to conclude that, while ethical discourse continues to be a component of practitioner-directed editorials, the nature of ethical discourse has shifted away from an emphasis on morality, honesty and character toward an emphasis on integrity, objectivity and independence. While references to historical elements do not disappear completely, over time they have certainly become a less significant component of the overall ethical discourse.

Moments of change

The data contained in Table IV provides a finer partitioning of the 86 year period under consideration and of the relative importance of the individual discursive elements.

What the data contained in Table IV illustrates is the periods in which these shifts in emphasis occurred. For example, between 1912 and 1931 historical elements such as *moral, character, reliab* (i.e. reliability etc), and *honest* were the most prevalent discursive elements. However in the 1932–1951 period we see a transition occurring with independen* becoming the most prevalent theme and with the declining importance of individual historical discursive elements. By the 1952–1961 period this shift is complete with independen*, objectiv* and integrity being the most prevalent discursive elements. Over the 1952–1997 period these three discursive elements are not only the most prevalent but also come to comprise a greater percentage of the overall ethical discussion (see Figure 1).

Taken together, the provided data suggest that the nature of ethical discussion contained in editorials has shifted over time. Ethical discussion in the years prior to 1932 consisted primarily of discourse centered around notions such as morality, honesty and character. The 1932–1951 period was one of transition with a declining emphasis on these Victorian virtues and more discussion of independence, objectivity and integrity. By the 1952–1961 period the hegemony of this form of ethical discourse was complete. Over the last 45 years, very little ethical discourse has occurred which has not been framed in terms of these three notions. Thus, the current-day emphasis on independence etc represents a continuation and solidification of a discursive theme which began in the 1920s.

Situating the changes

The theoretical framing proposed that shifts in the external environment, internal demographic changes and legitimation crises might, in part, help to explain both changes in the amount and type of informal ethical discourse. Although an

TABLE IV
Frequency per 10 year period

	1912-1921	#/yr	1922-1931	#/yr	1932-1941	#/yr	1942-1951	#/yr	1952-1961	#/yr	1962-1971	#/yr	1972-1981	#/yr	1982-1991	#/yr	1992-1997	#/yr	
Ethic*	7	0.7	50	5.0	32	3.2	10	1.0	29	2.9	30	3.0	22	2.2	44	4.4	12	2.0	
1. "Historical"																			
virtu*	0	0	1	0.1	1	0.1	0	0	2	0.2	1	0.1	0	0	0	0	0	0	0
moral	5	0.5	21	2.1	15	1.5	6	0.6	4	0.4	7	0.7	2	0.2	1	0.1	0	0	0
character	7	0.7	7	0.7	9	0.9	3	0.3	4	0.4	7	0.7	0	0	4	0.4	0	0	0
reliab*	4	0.4	4	0.4	2	0.2	9	0.9	6	0.6	0	0	2	0.2	7	0.7	10	1.7	1.7
honest	11	1.1	19	1.9	16	1.6	7	0.7	6	0.6	5	0.5	2	0.2	5	0.5	1	0.2	0.2
Subtotal	27	2.7	52	5.2	43	4.3	25	2.5	22	2.2	20	2	6	0.6	17	1.7	11	1.9	1.9
2. "Modern"																			
integrity	0	0	10	1.0	9	0.9	7	0.7	7	0.7	19	1.9	12	1.2	29	2.9	12	2.0	2.0
objectiv*	0	0	2	0.2	1	0.1	2	0.2	9	0.9	11	1.1	13	1.3	28	2.8	12	2.0	2.0
independen*	1	0.1	18	1.8	46	4.6	36	3.6	34	3.4	69	6.9	17	1.7	56	5.6	23	3.8	3.8
Subtotal	1	0.1	30	3	56	5.6	45	4.5	50	5	99	9.9	42	4.2	113	11	47	7.8	7.8
TOTAL(1+2)	28	2.8	82	8.2	99	9.9	70	7	72	7.2	119	12	48	4.8	130	13	58	9.7	9.7
Top 3 elements																			
#1	honest		moral		independence		independence		independence		independence		independence		independence		independence		independence
#2	character		honest		honest		honest (tie)		objective		integrity		objective		integrity		integrity (tie)		integrity (tie)
#3	moral		independence		moral		integrity (tie)		integrity		objective		integrity		objective		objective (tie)		objective (tie)

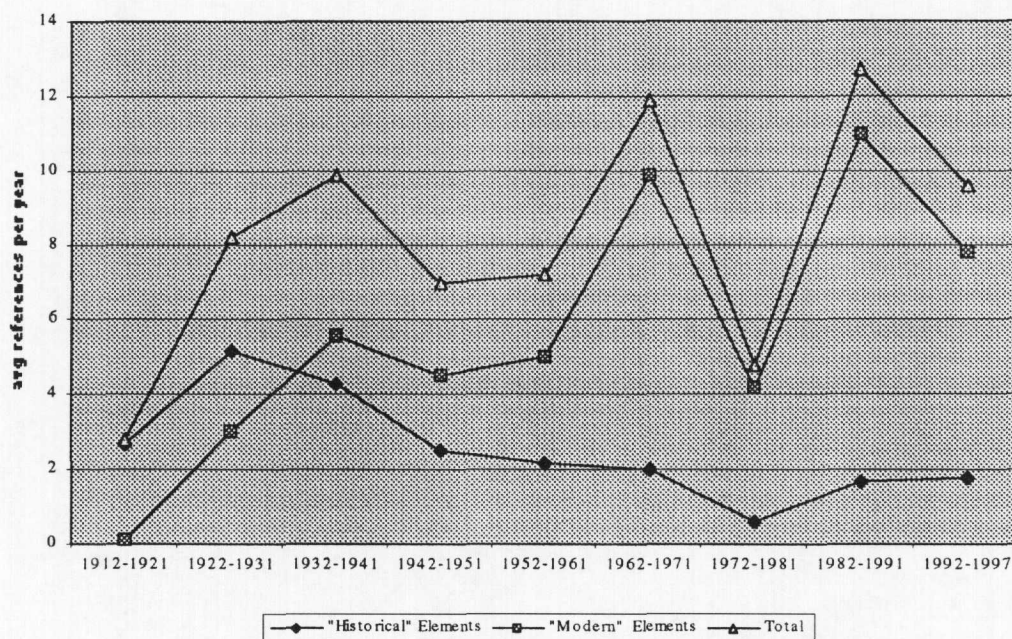


Figure 1. Components of ethical discourse.

in-depth analysis of these factors is beyond the scope of the current study, the following discussion attempts to briefly situate the observed changes in informal ethical discourse vis-a-vis external and internal events.

For the Canadian CA profession, the 1912–1944 period was a formative one. Between 1910 and 1940 membership grew from a total of 255 CA's located mostly in Toronto and surrounding areas to a more geographically-dispersed membership of 2422 (DACA Annual Yearbooks, 1910 and 1940). Originally, membership was relatively homogeneous with the majority of members viewing themselves as Christian and with a significant number of members having emigrated from the United Kingdom (Richardson, 1989b).

During this time period, securing professional legitimacy and the gaining of public acceptance was an utmost concern for the CA profession (Saleem, 1999). However, this was complicated by the emergence of rival accounting associations and a series of financial incidents which came to the fore during the 1920s and early 1930s (Creighton, 1984, p. 147; Lew and Richardson, 1991, p. 171). In particular, the Home Bank failure in 1923 along with the stock market

collapse in 1929 focused attention on financial reporting issues. Murphy (1986, pp. 42–43) documents the widespread press coverage and concern regarding the deficiencies of financial disclosures during this period, noting that “the financial press regularly listed shortcomings in disclosure in financial statements” (p. 43). These “domestic” problems were amplified by the extensive press coverage of the Royal Mail Steam Packet case in Britain (1929) and the issue of undisclosed reserves along with the collapse of American financial markets (Murphy, 1986, p. 43; Neu and Saleem, 1996, pp. 52–53).

Arguably, it was the intersection of these specific external events and demographic changes which encouraged an increased discussion of ethics during the 1920s and 1930s (see Table II). However, the shift away from traditional discursive elements toward modernist elements seems more firmly rooted in general societal shifts which, in turn, encouraged the professions to rethink the nature of ethics (Abbott, 1983; Preston et al., 1995). Both Abbott (1988) and Preston et al. (1995) document the weakening of traditional notions of character $\chi\bar{\nu}$ both in general society and within the professions – that occurred over this time period. For example, Preston et al.

note that, while traditional notions of ethics "persisted until the 1930s" (p. 518), even at this early juncture one could observe within the American CPA profession the beginning movement away from a legitimacy of character toward a legitimacy of technique (p. 522). However as Preston et al. are careful to note, these traditional discursive elements are never completely eliminated: rather a characteristic feature of the CPA profession is the "smuggling of the premodern into the modern world" (p. 514).

For the Canadian CAs, 1945 marked not only the end of the second world war but also a shift in mindset, members and business circumstances. Gone was the belief in an orderly world and the place of CAs in it (Simmons and Neu, 1997). Fueled by the tremendous economic growth of the post-war period, membership increased from 2728 in 1945 to 13555 by 1965 (DACA Annual Yearbooks, 1945 and 1965). This growth coupled with the incursion of large CPA firms into the Canadian market resulted in changed business practices (Creighton, 1984, pp. 226-228). The end of this period was also characterized by increasing public dissatisfaction with the state of financial reporting in both Canada and the United States (Carey, 1969, p. 448; Neu and Saleem, 1996, p. 59).

These events encouraged several responses on the part of the CA profession. The rapidly expanding membership along with changing membership demographics made behavioral norms of conduct more important yet more difficult to achieve. One response of the CA profession was to propose the use of personality tests as a method of screening potential members (Simmons and Neu, 1997). Another was to expand formal ethical codes to contain both more rules and more detailed rules (Neu and Saleem, 1996, p. 58). And in terms of informal ethical discourse, the trend was to an increasing emphasis on the modernist notions of independence, objectivity and integrity. Thus in this period we observe a continuation and acceleration of the informal discursive trends observed in the preceding period.

The most recent period can be characterized as the age of crisis for both Canadian CA's

and American CPA's. Financial failures followed by inevitable commissions of enquiry have occurred almost continuously in both countries. In Canada, the mid 1960s saw the Atlantic Acceptance failure followed by a Royal Commission (Hughes, 1969), the 1970s saw the CA-initiated Adams Commission, and the 1980s witnessed the failure of the CCB and Northland Banks followed by a Royal Commission (Estey, 1986) and a commission initiated by the CA profession (Macdonald Commission, 1988). During this time period in the United States, there has been the Metcalfe Committee, the Moss Committee, the Anderson Committee and the Treadway Commission (Preston et al., 1995, pp. 522-533). In both countries, the government-initiated committees have focused attention on the issues of "independence, accounting standards, and the competence or quality of the audit function" (Preston et al., 1995, p. 523). At this same time, society in general and the professions specifically have undergone a shift away from "legitimacy of character to legitimacy of technique" (Abbott, 1988, p. 190).

These specific legitimization crises along with the more general shifts provide a partial explanation for the increased frequency of these discursive elements during the 1962-1971 and 1982-1991 periods. As Table II and Figure 1 illustrate, the level of ethical discourse peaked in both of these periods with over 20 percent of the editorials containing ethical content compared to an average of 13 percent for the other two decades within this time period. However in terms of the content of informal ethical discourses, there was little change from the preceding period, with a continuing emphasis on the modernist notions of independence, objectivity and integrity.

Conclusion

At the beginning of this study we raised three questions regarding professional ethics: (1) is our current interest in ethics within public accountability a recent phenomena?, (2) what was meant by the term ethics in earlier periods?, and (3) are current-day ethical discourses a continuation

of – or break with – prior discourses? In attempting to answer these questions we have argued that it is important to examine informal, practitioner-directed communications such as those contained in editorials since these communications are more timely, flexible and less-constrained than formal ethical codes.

Our analysis of editorials contained in the *Canadian Chartered Accountant* between 1912 and 1997 provide some tentative answers to aforementioned questions. The relatively constant frequency of editorials containing ethical discourse (the historical average was 17%) suggests that ethics has always been a concern for the CA profession. However, the results also indicate (see Figure 1) that the amount of ethical discussion within any particular editorial may have increased slightly over time.

In terms of the second question, it appears that the vocabulary used for ethical discussion in the 1912–1941 period was grounded in notions such as morality, honesty and character – a vocabulary which has Victorian underpinnings. Given the differences in ethical vocabularies between this earliest period and the current period, it seems likely that the notion of professional ethics meant something slightly different then than now. However, our answer to this second question is necessarily tentative in that a more detailed comparison of the two time periods is needed to fully answer this question.

The third question encourages us to consider the historical antecedents of current-day ethical discourses. Our analysis highlights three important points about these antecedents. First, the analysis suggests that, while the nature of ethical discussion has changed over time, the current-day emphasis on independence can be traced back to at least the early 1920s. Second, the original emphasis on morality, honesty and character has not disappeared completely but it certainly has become a less important part of the overall discourse. And finally, current-day ethical discussions – with its reliance on the notions of independence, objectivity and integrity – is narrower and less pluralistic than ethical discussions during the formative period of the CA profession. Whether this narrowing is a good thing, we leave it to the reader to judge.

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Notes

¹ Professional privilege is used to refer to the outcomes associated with successful professionalization. These outcomes include a monopoly of practice, often sanctioned by the state which in turn confers wealth upon the individual practitioner and autonomy and self-regulation upon the professional body (Preston et al., 1995, p. 508).

² Over time the magazine has evolved to contain monthly or bi-monthly columns (or departments) on certain topics such as education and more recently ethics.

³ Since there was some variation in the number of issues and, hence, editorials per year (most years had 11 or 12 issues but several years had less), the results should be interpreted on a per year basis.

⁴ The failure of the Atlantic Acceptance Corporation (1965) raised issues about when a parent-company auditor may rely on the work of a subsidiary-company auditor and resulted in a federal Royal Commission (Murphy, 1986, p. 49). The 1984 bank failures of the Canadian Commercial Bank and Northland Bank were the first since the Home Bank failed in 1923 (Lew and Richardson, 1992).

⁵ This is not to suggest a complete disjuncture between historical and modernist elements. Rather our reading of archival materials proposes that the discourse of independence/integrity represents an important re-working of character-based ethical notions from the prior period. Gone is the religious framing of the internal moral compass which grounded notions of virtue and morality. Rather it is a secularized internal cognitive framing (i.e the mind) that underpins modernist ethical deliberations. Thus while the modernist elements differ from the historical elements, especially in the secularization of the internal and in their more general framing, both elements imply that professional behaviour must be judged in relation to something inside the individual (see Preston et al. (1995) for a more in-depth discussion of the commonalities and differences between historical and modernist elements).

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