

*Ethos: a guiding compass for the future professional*

# Foreword

**This document is a practical tool to facilitate discussions amongst ICAEW Chartered Accountants. By introducing the new concept of ethos, we aim to engage our members in a deeper inquiry into the nature of being professional and to inform a richer vision for our profession.**

The aim of this discussion paper is to draw attention to key questions about what inspires and attracts someone to the accountancy profession and why it is worthy of the respect and trust of modern society. By drawing on discussions with ICAEW members and the research and educational initiatives of the AuditFutures programme, we aim to understand better what makes people look up to a profession and regard it as relevant, trustworthy and inspirational.

To answer these questions, we believe that it is important first to understand what distinctively characterises a professional. While we are specifically focusing on the accountancy profession and in particular – ICAEW Chartered Accountants – these discussions could potentially inform other professional bodies and foster fruitful collaborations across professions.

There are greater demands on the professions today. Their changing context – nature of work, technological disruption, unprecedented social and economic dynamics – creates uncertainties, challenges the very nature of ‘professionalism’ and calls into question its essence and characteristics.

ICAEW Chartered Accountants are rightfully proud of their ethics code, their shared experiences and their specialised skills. **However, we want to challenge our members: is this enough for the future professionals who aspire to motivate, engage and lead?**

In this paper we introduce the new concept of ethos and emphasise the significance of character, qualities and purpose as necessary in guiding the work of ICAEW Chartered Accountants. We aim to unpack these and integrate them in the concept of an ethos for the profession. While this builds on familiar grounds, it also raises some challenges the profession needs to think about.

We believe that by helping chartered accountants to understand better and define the nature and purpose of their profession, we can assist their personal development and redefine the perception of the profession.





# *Who are we today?*

We begin by looking at what characterises the profession and its function and role in society. The nature of accountancy is changing as the profession becomes more diverse, tech-savvy and globalised. Against this backdrop, we want to open an informed discussion around what it means to be a professional and in particular, what it means to be an ICAEW Chartered Accountant. We hope to articulate an identity for the profession that is distinctive and inspirational.

From its inception in 1880, chartered accountancy has sought to identify itself in terms of high standards and respectability. In establishing accountancy as a profession, our predecessors were mindful of the need to improve the status of accountants by introducing rules of professional conduct and a required level of skill.

These characteristics still very much define the profession today but the professions are undergoing substantial change. New technologies deliver efficiencies, innovations and disruptions in the way all knowledge-based work is done. At the same time business theory, financial markets, law and regulation are all becoming more sophisticated. The Susskinds' book on the Future of Professions (2015) argues that contemporary professions are

failing – economically, technologically, psychologically, morally, and qualitatively – and that they should and will be replaced by feasible alternatives. Such allegations and doomsday scenarios pose certain challenges to the identity of our profession and require us to think critically about the nature of our work and the conditions that can effectively ensure that professional ethics and values are not diluted.

## **SHARED EXPERIENCES THAT FORM IDENTITY**

As an international Institute, with increasingly global presence, ICAEW is committed to ensuring quality and broadening access to the profession for a diverse membership. Historically, our members have tended to share similar backgrounds. Routes into the profession have tended to emphasise a grounding in audit and shared early experiences as audit juniors, particularly, "war stories" such as the New Year's Eve stock count, and the like formed a bond that endured into later careers. These shared attributes and experiences help shape attitudes and beliefs that create the identity of the profession; a shared understanding of what it was to be a chartered accountant.

The accountancy profession prides itself on this heritage and its resilience. Traditionally, what it meant to be an accountant and the role that accountants performed were well understood and rarely changed significantly from one generation to the next. But the profession now faces opportunities and challenges from social, political and technological developments. At ICAEW the membership is changing as we broaden access routes to membership and widen our international reach. It will continue to evolve in response to the opportunities and challenges presented by innovation and the changing nature of work.

This openness and diversity in recruitment are demonstrated in the various journeys that individuals could take to become a qualified professional, and the multiple destinations and functions that an individual could have as a practitioner. This varied process of initiation into the profession challenges the extent to which there can be a shared experience and values by individuals coming into the profession. It is essential that the accountancy profession respond decisively. A renewed attention to our purpose, as well as the qualities and key competencies shared by our members, might help bring chartered accountants together despite their different professional backgrounds.

## CODIFIED ETHICAL PRINCIPLES

The learned professions, such as medicine and law, have taken the lead in thinking critically about the kind of service they offer, and the nature of the relationship between client and professional. Meanwhile, social, political and technological changes have challenged traditional ideas of professional expertise and the relationship between professions and society.

Professional standards and codes of conduct are key to communicating and ensuring compliance with ethical principles that showcase a commitment to the public good.

Nevertheless, despite their existence, individuals can benefit from thinking about how they can develop capacities of critical judgment and how these translate into professional values and attitudes with a shared commitment to the common good. While focusing on behaviours and skills that an individual needs to exhibit to become qualified, the notion of professional ethos has remained largely elusive and diluted in the current context. By taking the purpose, identify and values of the profession seriously, we want to start a discussion about how individual chartered accountants and their work could benefit from reflecting on the attributes that identify them as professionals.

## DISTINCTIVE CHARACTERISTICS AND ATTRIBUTES

A working group of ICAEW members and other parties met to share thoughts on this through several activities. The working group was asked to explore attitudes, qualities and experiences that ICAEW Chartered Accountants have in common. The meeting also discussed characteristics that members demonstrate. These ranged from personal attributes to work-related competencies. Not all of them applied universally to all members, and some had wider relevance beyond our membership. After sorting and analysing these characteristics, we were able to identify the three themes illustrated in the table, which, taken together, we believe constitutes a current identity for ICAEW Chartered Accountants. The three themes outline a set of expected knowledge and interests shared by members, and relate to an overarching commitment of members to act in accordance with the ICAEW Code of Ethics.

### FINANCE FOCUS

Deep interest in enterprise and finance

- Curiosity to learn something new
- Deep business intuition and fluency in cost control
- Appreciation of the changing nature of the business and regulatory environment
- Breadth of business and finance experience
- Considering ethics as a constant behind their business and personal decision-making

### COMMITMENT TO PROFESSIONALISM

Willingness and aptitude to take responsibility and get things done properly

- Resilience, adaptability and reliability in meeting objectives
- Enthusiasm and sense of fun
- Ability to manage a complex project – from inception to conclusion
- Problem-solving skills; ability to respond to challenges
- Common desire to give back to profession and society

### ANALYTICAL SKILLS

Ability to cut through complexity to communicate a meaningful message

- Developed and up-to-date technical knowledge
- Understanding of the importance of being well-informed
- Consciousness of the bigger picture, of the impact of actions beyond immediate role

## Discussion



To take our discussion forward, we want to ask for your contribution:

**Are these characteristics a distinctive identity for our professional community?**

**Are these enough to attract, motivate and inspire professionals?**

**Do they provide a sufficiently strong narrative for how ICAEW Chartered Accountants contribute to the needs of the economy and society?**





## CHALLENGE

# *What should drive us forward?*

Common experiences, interests and abilities are important to ICAEW members, but are they enough to capture our professional identity? Through the shared purpose and virtues of members, we might distinguish our professional identity and develop a more powerful narrative for our community.

Our key insight from the initial discussions is that we can benefit from opening a deeper and richer conversation about what defines us as professionals. Our work has pointed to the complex nature of the profession and the difficulty in understanding its evolving role within society. AuditFutures continues to lead on this by addressing these complex issues in workshops and events that engage ICAEW members and stakeholders.

## EMBRACING PURPOSE

In our research, there was plenty of uncertainty about the social purpose of accounting. We believe this ambiguity has had negative implications on the evolving nature of practice and educational and training objectives. In speaking to students, trainees and professionals, we have seen a general agreement on the need to serve society, but little or no clarity on what that public interest might be.

**The need to understand the purpose, to contribute to group efforts and to have an impact has been shown to motivate individuals to engage and excel.** There is a consensus in psychology studies that people

need to have a sense of purpose that is embraced and characterises the whole individual. Individual identity is activated when people get personally involved. This ownership builds intrinsic motivation and decreases the risk of further ethical violation.

It is important to understand that as part of their journey, professionals should develop not only knowledge but also moral sensitivity, and the ability to critically recognise themselves as responsible individuals, whose actions have a direct impact on society and who contributes toward a specific greater good. **To develop such critical outlook and moral motivations, a higher purpose has to be embedded and communicated through the ethos of the profession.**

The Jubilee Centre for Character and Virtues recently pointed to similar concerns. Their research points out that 'working for the public good' was mentioned less often compared with the motivation for financial rewards. For example, a strong focus on job prospects appears to be the main motivation for students and professionals alike. This narrow conception of 'success' (with a strong attachment to

material rewards) is something we think is necessary to bring to our attention and further discussions.

An example could be given by the way that purpose-driven companies encourage a longer-term vision to their employees, which looks beyond profits and economic good, but is concerned with communicating a higher purpose in their overall ethos. ICAEW's vision for 'a world of strong economies' is another good illustration of a higher purpose that members should aspire to.

## EMBODYING VIRTUES

We consider that taking a more empathetic approach is necessary to understand the changing social needs that the profession needs to respond to. To preserve its attractiveness, relevancy, retention and respect, the profession as a whole might benefit from placing more emphasis on the characteristics, values and commitments that its members identify with.

**These personal qualities, attitudes and strengths for moral behaviour are what we define as virtues.** Some of the virtues that have been related to the

accountancy profession are fairness, integrity, truthfulness, honesty, loyalty, faithfulness, trustworthiness, service to the common good, gratitude and benevolence. In addition, there are virtues that help individuals to act as they should: courage, perseverance, diligence, and humility.

The goals that motivate professional work also define what qualities and principles individuals need to uphold to accomplish these aims. Therefore, to understand the particular individual virtues that are necessary within the profession, we need to develop a richer understanding of the ethical commitments and the social purpose that drive the nature and work of the profession.

In addition, **we need to focus on the conditions and culture that foster and encourage these virtues to flourish.** An important part of this approach is to understand the journey of becoming a professional - the stages at which individuals become aware, develop values, interests and then develop as a professional. Identifying and nurturing virtues is essential especially in the face of automation and the rapidly changing socio-economic context. Fostering these qualities might provide a way for chartered accountants to adapt and sustainably add value where technology could otherwise supersede specific technical or administrative skills.

Therefore, beyond focusing on skills and knowledge, the profession can benefit from discussions that question its purpose and role in society and explore the virtues that it aspires to foster. In turn, this will help plan for the competencies and skills that might be needed in the future. A richer understanding and connection to the needs of wider stakeholders could help us redefine the scope of professional expertise, by giving weight to particular competencies while replacing others.

In other words, **virtuous professionals are not merely competent technicians who follow professional rules, but people of moral and intellectual qualities that enable them to achieve the public good they have committed to.** For doctors, the public good is the preservation, promotion and restoration of health, which they can achieve through specific virtues of care and compassion and intellectual virtues of science and technique. It is the common good that here determines the obligations and virtues of the health professional.

In exploring the virtues and purpose that guide our profession, we will be better placed to understand the specific attributes that chartered accountants should embrace and develop.

## Discussion



As part of our AuditFutures initiatives, we want to create a stronger vision for the future of the profession. We invite you to engage your colleagues and think about how you might develop a stronger vision, mission and values at work.

**What attracted you to become an ICAEW Chartered Accountant?**

**How would you characterise the purpose of the profession as a whole and how is this connected to your responsibilities?**

**How might we engage with wider stakeholders and discuss how to contribute to the changing nature of society?**

**What is the power of the profession in providing innovative solutions for human rights and the environment?**

## VISION

# *Unifying the profession around a shared ethos*

**What unifies a profession is its ethos: the characteristics of people who share core values, aspire to contribute to a higher purpose and exhibit particular virtues. Ethos is a way to communicate the key aspirations and commitment of the profession and to motivate and guide individuals on their professional journey.**

Ethos is an important guiding principle for young professionals as they learn, develop knowledge and skills, and become initiated into the profession. It takes a long time to develop a professional identity and to become an expert, but it is important that individuals' beliefs and attitudes become shaped early on, even before they enter the profession. The existing professional ethos functions as a signal that is communicated to aspiring professionals both formally and informally - through compulsory education, higher education, and training; but also stories, role models, language, norms, and expectations.

Ethos is not a benchmark; **ethos is the manifestation of the attitudes and aspirations of the members of a profession.** While organisations communicate key messages through their values, these might not reflect what individuals genuinely think, believe and value. In our recent AuditFutures conference on Ethics By Design, the renowned psychologist Jonathan Haidt challenged this misalignment between the individual and the organisation. He proposed that understanding how to design a more holistic ethical system enables us to consider the informal and formal practices that constitute the ethos of the profession.

The ethos of a profession could encompass a variety of attributes of character, including virtues such as empathy, courage, fairness, honesty, and integrity. While these moral qualities help bring about appropriate conduct, they qualify as moral virtues only insofar as they are governed or guided by what Aristotle calls practical moral wisdom.

The importance of practical wisdom is that the deliberation it requires is highly context-sensitive and therefore not readily susceptible to codification in the form of the general rules or traditional professional codes. This is where the concept of ethos comes in. **A crucial ability of a professional is to have the sensitivity and capacity of critical judgment to detect and evaluate complex situations and to then act wisely.**





## UNDERSTANDING THINGS MORE HOLISTICALLY

Ethos could also be seen as a guiding compass that provides meaning and context to the technical knowledge and tools used in practice. In this sense, it is important to differentiate ethos from ethics. Ethos is the context within which our ethical principles sit. While ethical principles guide what a professional considers right and wrong behaviour, the ethos is the profession's overarching belief and values, as shared by its members. These shared values and beliefs are at the heart of the professional community, acting as the underlying reasons which professionals respond to and act on. It is important to consider that different cultures might give priority to certain values over others, which then results in different decision and behaviours.

The goal of defining our ethical principles through a code of ethics and professional standards is to guide our values and behaviours and communicate our commitment to ensuring the public interest. It is important to recognise that standards and codes have an important function, but they often rest on the assumption that they can provide individuals with knowledge about future events to assist in the exercise of judgment. The concept of professional ethos is important here as it depends not just on codes and

rules, but the context and conditions that apply when decisions are being made.

## PROFESSIONAL ETHOS INFORMS AND GUIDES MOTIVATIONS

While the term professional is sometimes used indiscriminately to mean anyone exhibiting a high level of skill, the public doesn't trust professionals purely on the basis of their skills. A doctor could, for example, use his medical knowledge to poison as much as heal patients. Membership of a profession doesn't exempt one from being greedy or being fallible. But, there is a distinction to be made from non-professional trades. As the renowned philosopher, Daryl Koehn argued that helping a client is not the same as "securing the outcome the client is seeking".

A professional's motivation is of particular importance to guiding their work. This was identified in 1933 by Justice Louis Brandeis as a defining characteristic of a profession, when he wrote in *A Profession*: "An occupation for which the necessary preliminary training is intellectual in character, involving knowledge and to some extent learning, as distinguished from mere skill; which is pursued largely for others, not merely for one's own self; and in which financial return is not the accepted measure of success."

## Discussion



This section aims to provide some insights to help us think holistically about the nature of the profession and the environment which facilitates the development and motivation of individual professionals. With this, we want to help our members to think about the informal and formal practices that constitute the culture of the profession, and to help them design processes that enable individuals to be more motivated, ethical and engaged.

**How would you describe the identity of an ICAEW Chartered Accountant when compared to any other finance professional?**

**How would you describe the ethos of the profession and how it is reflected in and relevant to the organisation you work for?**

**What narrative about the profession would you use that could be powerful and engaging to aspiring professionals?**

## ENGAGE

# *Facilitating further discussions*

**Discussing ethos will help ICAEW Chartered Accountants to be more effective in their roles and help guide personal development and motivation. Professional identity develops through the journey which starts with the initiation into practice. The ethos of the profession might offer a rudder and guide individuals on that journey.**

Ethos could be communicated and embedded within stronger narratives about the profession. Positive stories can counter negative preconceptions about accountancy, and attract the talent and values that it needs for the future. One way that we are developing this is through AuditFutures' Good Professional project, which aims to showcase real stories exemplifying role models of chartered accountants, from all walks of life.

We believe that the fundamental question that we need to address in understanding the nature of our profession is:

 ***“What does it mean to be a good professional?”***

By triggering deeper discussions and developing such narratives, we hope that they can offer inspiration, positive role models and moral guidance to aspiring professionals.

Putting professional competencies, technical knowledge and ethical values in a broader context will enable reflection on the development of

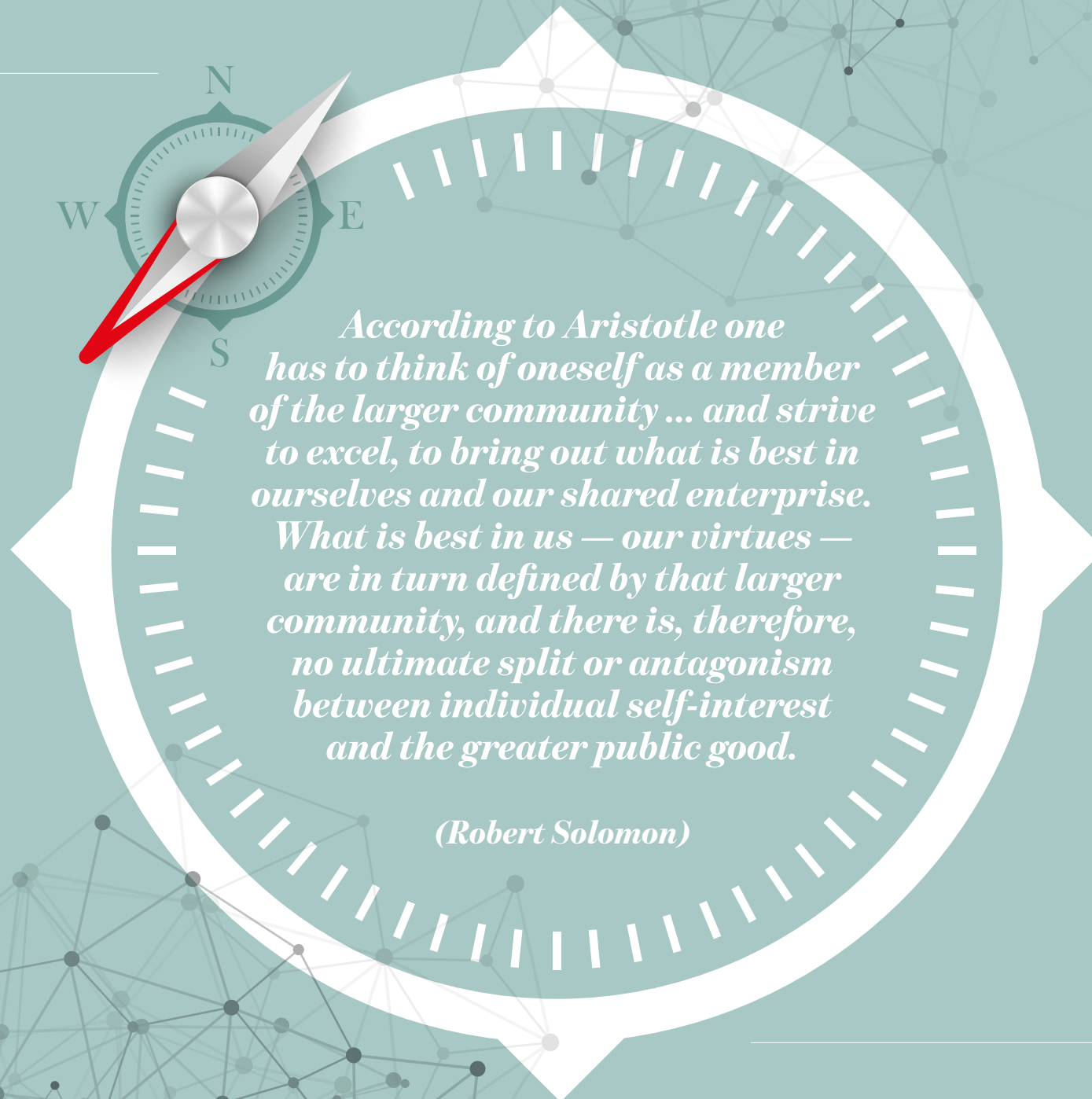
professional identity. We want to encourage ICAEW Chartered Accountants to consider the social purpose and the intrinsic good their profession serves and aspires to. We believe this has the potential to foster personal motivation and development of both intellectual and ethical virtues that go beyond the discussion of technical knowledge and skills. We believe this has practical value to chartered accountants in empowering critical capacities. We think it can help individuals and the profession respond to the opportunities of artificial intelligence and other technologies by expanding innovative work and reflecting on how the profession contributes value to society.

The development of a professional identity can be mapped as a continuous journey. AuditFutures has emphasised the need to explore the interdependent elements of this journey and the processes that interact to develop a professional identity, professional culture and practice. To help us understand the development of professional identity, we need to know the heart of the profession - its ethos - what defines and impacts it. It is the cultivation of character as well as the

ethos of the profession that enables, attracts and rewards values, behaviours and choices.

Professionals need to have a sense of personal commitment and shared understanding of purpose to ensure their ethical responsibility to clients and society. It could be argued that individual identity is developed when people get involved in working toward a greater purpose and can see their impact. This ownership builds motivation in the individual to do better work and decreases the risk of ethical violation.

We appreciate that the development of identity is a long-term process that is drafted and redrafted through the stages of education, and reinforced through meaningful lifelong learning and practice. Our aspiration is for this paper to act as a catalyst for individual chartered accountants to reflect on their professional identity and to share their conclusions. The culmination of this process should be the identification of a distinctive ethos to help guide the profession into the future.



*According to Aristotle one has to think of oneself as a member of the larger community ... and strive to excel, to bring out what is best in ourselves and our shared enterprise. What is best in us — our virtues — are in turn defined by that larger community, and there is, therefore, no ultimate split or antagonism between individual self-interest and the greater public good.*

*(Robert Solomon)*



## Discussion

We aim to facilitate a deeper discussion into the nature of being professional and to inform a richer vision for the whole professional community of ICAEW members. We believe that by helping chartered accountants to understand better and define the nature and purpose of their profession, we can assist their personal development and redefine the perceptions of the profession.

**What should the profession communicate to aspiring professionals at the different stages of their journey?**

**What could we do to improve the attractiveness and respect for the profession in compulsory education, higher education, and training?**

**What are the stories, role models, language, norms, and expectations that you want to communicate?**

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## AuditFutures

***AuditFutures is an opportunity for you to share your ideas and passion and to learn and contribute to shaping the future of the profession.***

We have mobilised a movement and developed a comprehensive programme to reimagine the future of the profession. Our collective ambition depends on collaboration with others. We invite you to bring your passion, experience and commitment to achieving something bigger together.

[\*\*www.AuditFutures.net\*\*](http://www.AuditFutures.net)

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  - Contributing to our thought-leadership.
  - Attending or organising university sessions.
  - Hosting a workshop at your organisation.
  - Signing up to our mailing list.
  - Speaking with us over the phone or in person.
  - Everyone and all perspectives are welcome!
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