

# After Virtue and Accounting Ethics

Andrew West<sup>1</sup>

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**Abstract** Alasdair MacIntyre’s *After Virtue* presented a reinterpretation of Aristotelian virtue ethics that is contrasted with the emotivism of modern moral discourse, and provides a moral scheme that can enable a rediscovery and reimagining of a more coherent morality. Since *After Virtue’s* (AV’s) publication, this scheme has been applied to a variety of activities and occupations, and has been influential in the development of research in accounting ethics. Through a ‘close’ reading of Chaps. 14 and 15 of AV, this paper considers and applies the key concepts of practices, institutions, internal and external goods, the narrative unity of a human life and tradition, and the virtues associated with these concepts. It contributes, firstly, by providing a more accurate and comprehensive application of MacIntyre’s scheme to accounting than that available in the existing literature. Secondly, it identifies areas in which MacIntyre’s scheme supports the existing approach to professional accounting ethics as articulated by the various International Federation of Accountants pronouncements as well as areas in which it provides a critique and challenge to this approach. The application ultimately provides an alternative philosophical perspective through which accounting can be examined and further research into accounting ethics pursued.

**Keywords** Accounting ethics · *After Virtue* · Aristotle · MacIntyre · Professional ethics · Virtue ethics

## Introduction

The high-profile ethical failures of professional accountants in recent decades have been met with increased regulation and oversight, as well as calls for greater attention to ethics education in accounting programs. As it is not yet clear whether these measures are sufficient to prevent further accounting crises, or even whether these measures are appropriately implemented (given no discernible increase in accounting ethics education from 2000 to 2012 in Australia, for example (Dellaportas et al. 2014)), examination of alternative perspectives on accounting ethics is both warranted and desirable. This paper provides such an examination, based on Alasdair MacIntyre’s *After Virtue* (AV), a seminal work in twentieth-century virtue ethics, and one that has had significant implications for a variety of occupations and activities. MacIntyre’s work presents a critique of modern moral philosophy and its contemporary, emotivist, expression, and, drawing on the Aristotelian philosophical tradition, he proposes an approach to ethics that is intended to enable a rediscovery of morality. Given the recent crises of accounting ethics, such a rediscovery would be timely indeed.

The purpose of this paper—to examine how MacIntyre’s approach can be applied to professional accounting ethics—is achieved primarily through a ‘close’ reading of Chaps. 14 and 15 of AV. Following his critique of contemporary moral discourse and his review of pre-modern virtue ethics traditions, these two chapters deal expressly with the details of MacIntyre’s reimagined virtue ethics. This approach enables a more comprehensive analysis than that provided by Francis (1990), whose interpretation of AV suffers from several significant weaknesses. Rather than simply updating and extending Francis’ work, however, the focus of this paper is on considering both how a MacIntyrean perspective may

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✉ Andrew West  
andrew.west@qut.edu.au

<sup>1</sup> School of Accountancy, Queensland University of Technology, Brisbane, QLD, Australia

provide support for the existing professional approach to accounting ethics, and how it can provide a philosophical critique of this approach.

The paper begins with a review of previous work in virtue ethics and accounting, followed by an overview of the key concepts in MacIntyre's virtue ethics, based on Chaps. 14 and 15 of *AV*. The subsequent section introduces the professional context of accounting ethics (as articulated in various International Federation of Accountants (IFAC) documents), which is followed by an examination of how the key concepts of MacIntyre's virtue ethics can be applied to accounting. This is followed by a section that summarises the implications, identifying the areas in which MacIntyre's scheme both supports and critiques the existing professional approach, and the final section concludes.

### Existing Work in Virtue Ethics and Accounting

MacIntyre's *AV* follows the work of Anscombe (1958), Foot (1978) and Williams (1972) in arguing for more attention to virtue ethics as a philosophical alternative to deontological and utilitarian ethics. It is now fairly common to see introductory books on business ethics or accounting ethics including a section on virtue ethics in their discussion of philosophical approaches (see, for example, De George 2010; Grace and Cohen 2013; Duska et al. 2011), with Pakaluk and Cheffers' (2011) work notable for explicitly taking an approach based on virtue ethics. Academic research regarding virtue ethics and business has also become common; some notable researchers in this area include Solomon (1992, 2003, 2004), Hartman (1998, 2006, 2008a, b), Sison (2008, 2012), Mele (2005, 2009), Audi (2012), Mintz (1995, 1996, 2006, 2010) and Koehn (1995, 1998, 2013), see also Ferrero and Sison (2014) for an overview of the virtue ethics in business and management literature. There is also some academic research on virtue ethics and accounting, often focussing on accounting education (Mintz 1995, 2006; Armstrong et al. 2003; Mele 2005).

Beyond more general applications of virtue ethics to business and accounting, a significant body of work has specifically considered how MacIntyre's approach to virtue ethics (drawing primarily on *AV*) may be applied to businesses and organisations. Moore (2002) argued for 'business' itself to be considered a MacIntyrean practice (subsequently modifying this to describe 'business' as a "practice-institution combination" Moore 2008, p. 507, see also Beadle 2008), while others have focused on specific activities or professions, including those of jazz musicians (Banks 2012), journalists (Borden 2007; Lambeth 1990;

Salter 2008), managers (Brewer 1997), nurses (Armstrong 2006; Sellman 2000, 2011), psychiatrists (Michel 2011), psychologists (Richardson 2012), those involved in public relations (Leeper and Leeper 2001), surgeons (Hall 2011), and teachers (Fitzmaurice 2010; Noddings 2003; Dunne 2003).

However, the existing research goes beyond considerations of how MacIntyre's concept of a practice can (or cannot) be applied to various activities and professions, and some have suggested other ways in which *AV* can be applied to business. These include arguments for a focus on 'craftsmanship' (Moore 2005b), articulations of 'corporate character and virtues' (as opposed to corporate culture and values) (Moore 2005a) and of organisational virtue (Moore and Beadle 2006; Moore 2008), application to the roles of managers (Moore 2008), recommendations for reforming organisational governance to 'crowd-in' virtue (Moore 2012b), an examination of how MacIntyre's scheme relates to the concept of 'meaningful work' (Beadle and Knight 2012) and application of *AV* to economic systems (Keat 2008a) and 'varieties of capitalism' (Keat 2008b). A number of empirical studies have also illustrated how MacIntyre's approach may be evident in practice (Moore 2012a; Moore and Beadle 2006; Beadle 2013; Hine 2007), and there are several articles that critique MacIntyre's interpretation of the modern bureaucratic manager (Mangham 1995; Nash 1995; Randels 1995; du Gay 1998; Hine 2007) or that provide a more business-friendly interpretation of *AV* (Crockett 2008; Dobson 2008).

Although very little of this research applying MacIntyre's work to business explicitly considers accounting, *AV* has had a significant influence on accounting ethics research. Uysal's (2010) analysis of 'business ethics research with an accounting focus' identified *AV* as one of the more cited works (the co-citation analysis groups MacIntyre's *AV* in a 'professional ethics' cluster with Gaa 1994; Larson 1977; Preston et al. 1995). Yet notwithstanding the significance of *AV* as a source for accounting ethics research, there has been little direct application of MacIntyre's interpretation of virtue ethics to accounting. Francis' (1990) article is the notable exception, providing an early (relative to much of the work on MacIntyre and business mentioned above) overview of how *AV* might be applied to accounting, and using MacIntyre's work to emphasise how accounting is both a "moral and discursive practice" (1990, p. 5). However, although Francis referred to a number of key aspects of MacIntyre's virtue ethics, including internal and external goods, and the distinction between practices and institutions, there are a number of key areas in which Francis' analysis does not reflect MacIntyre's approach (discussed in more detail below).

This paper makes two significant contributions. Firstly, it provides a more accurate and thorough examination of

how AV can be applied to accounting (when compared with Francis' paper), paying attention to each of the key concepts discussed in Chaps. 14 and 15 of AV.<sup>1</sup> Secondly, it provides a single, philosophically grounded conceptual scheme that provides support for some aspects of the profession's existing approach to accounting ethics, while also providing substantial critique and opportunities for reform.

### MacIntyre's Virtue Ethics

AV presents a philosophical history in which post-enlightenment moral philosophy is critiqued, and a neo-Aristotelian virtue ethics proposed. MacIntyre argues that contemporary moral discourse is in a state of disrepair, where, with the failure of modern attempts to provide a rational justification for morality (whether utilitarian or deontological), moral claims have become nothing more than expressions of will or preference (even if clothed in moral argumentation that aspires to, but ultimately fails in achieving, rational justification). In contrast to this emotivism, MacIntyre traces the virtue ethics traditions of pre-modern philosophy, identifies vestiges of these in some features of modern life, and proposes a scheme for a more coherent understanding of morality. There are a number of distinct elements in this scheme, discussed in Chaps. 14 and 15 of AV, and to which we now turn.

### Practices

Following Aristotle, and in contrast to modern conceptions, MacIntyre locates the good in particular forms of activity. Unlike Aristotle, however, he provides a fairly detailed account of the types of activity he has in mind, referring to these as 'practices':

By a 'practice' I am going to mean any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended. (p. 187)

MacIntyre includes football, chess, architecture and farming as examples of practices. Each requires cooperation to achieve particular 'standards of excellence', and in the course of so doing, provides the opportunity for our

abilities (and 'conceptions of the ends and goods involved') to be extended. Such practices are contrasted with (mere) technical skills—throwing a football well, tic-tac-toe, bricklaying and planting turnips. There are several ways in which MacIntyre's conception of a 'practice' differs from such technical skills. Firstly, as suggested above, a practice can be distinguished by the way in which "conceptions of the relevant goods and ends which the technical skills serve ... are transformed and enriched" (p. 193) by both the human powers and the internal goods integral to the practice. Secondly, the goals of each practice are not set in stone, but change over time, by the activity itself, such that each practice has its own particular history and a community of practitioners that includes those from generations past, particularly where they contributed to extending our conceptions of the practice itself.

Related to MacIntyre's discussion of practices is his identification of two types of goods: internal and external. The external goods associated with a particular practice are related not only to the activity, but to the social context within which the practitioner operates. They include power, fame, status and wealth, and in MacIntyre's view, are the objects of competition such that there are always winners and losers (where one gains wealth, another loses wealth). In contrast, internal goods are more intrinsically related to the activity itself (and cannot be obtained elsewhere), to the point where their characteristics are defined by the practice, and where only those who have experience in the practice (or who have been taught accordingly) can appreciate them.

MacIntyre does not provide lists of internal goods, but envisages these varying from practice to practice. Using portrait painting as an example he identifies two kinds of internal good: the first relates to the product or performance itself (an excellent work of art, or excellent painting activity), and the second to extending, or progressing the practice of portrait painting ("participation in the attempts to sustain progress and to respond creatively to problems" (p. 189)), to the point that for the artist, it is "his or her life as a painter" (p. 190, italics in original) that constitutes this second internal good.

The difference between internal and external goods is brought out by an example:

Consider the example of a highly intelligent seven-year-old child whom I wish to teach to play chess, although the child has no particular desire to learn the game. The child does however have a very strong desire for candy and little chance of obtaining it. I therefore tell the child that if the child will play chess with me once a week I will give the child 50 cents worth of candy; moreover I tell the child that I will always play in such a way that it will be difficult, but

<sup>1</sup> This approach follows Bragues' (2006) call for greater attention to 'close' readings of seminal works in moral philosophy.

not impossible, for the child to win and that, if the child wins, the child will receive an extra 50 cents worth of candy. Thus motivated the child plays and plays to win. Notice however that, so long as it is the candy alone which provides the child with a good reason for playing chess, the child has no reason not to cheat and every reason to cheat, provided he or she can do so successfully. But, so we may hope, there will come a time when the child will find in those goods specific to chess, in the achievement of a certain highly particular kind of analytical skill, strategic imagination and competitive intensity, a new set of reasons, reasons now not just for winning on a particular occasion, but for trying to excel in whatever way the game of chess demands. Now if the child cheats, he or she will be defeating not me, but himself or herself. (MacIntyre 2007, p. 188)

What MacIntyre provides here is not simply a description of alternative motivations,<sup>2</sup> but a judgement regarding which goods are to be preferred (“But, so we may hope, there will come a time when...”); and although rejecting Mill’s (1863) utilitarianism, he acknowledges some similarity here with Mill’s distinction between higher and lower pleasures.

### Virtues

Having articulated the notion of practice, MacIntyre provides a ‘partial’ definition of a virtue as “an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such goods” (p. 190). It is not sufficient to simply assert that internal goods should be pursued; morality involves the development of those dispositions that contribute to actually realising these goods, and MacIntyre proceeds to identify three virtues in particular that are essential to achieving internal goods in any practice: Courage, Justice and Honesty. Without these three virtues, the internal goods associated with a practice cannot be achieved, and indeed, without these a practice becomes

“pointless except as a device for achieving external goods” (p. 191).

The reasoning behind the identification of these three necessary virtues (particularly in the light of conflicting lists of virtues provided by different virtue ethicists over time), is that they are implicit in the achievement of excellence in any practice. That is, in order to achieve excellence, a practitioner must display Courage, by being “prepared to take whatever self-endangering risks are demanded along the way” (p. 191), must display Justice, “learning to recognize what is due to whom” (p. 191), and Honesty, which requires not simply telling the truth, but that we “listen carefully to what we are told about our own inadequacies and to reply with the same carefulness for the facts” (p. 191).

### Institutions

In order for practices to be established, maintained and furthered they need to be institutionalised. These institutions (MacIntyre provides examples of chess clubs, laboratories, universities and hospitals that correspond to the practices of chess, physics and medicine) are by necessity intimately and intricately involved with their associated practices. However, whereas practices are characterised by internal goods (and by the virtues that enable these goods to be achieved), institutions deal with external goods of wealth, status and power. At the very least, institutions are involved in providing structure to the community of practitioners and in managing and distributing resources (whether financial or otherwise) related to the practice.

MacIntyre identifies a constant tension between practices and institutions, owing to their respective focuses on internal and external goods. Although he argues for the development of virtues that enable internal goods to be realised, MacIntyre acknowledges that external goods are necessary for the ongoing functioning of practices, are related to some virtues (such as Justice and Generosity) and remain ‘goods’. The tension results from external goods (and the pursuit of such goods) limiting the development of the virtues and thus the achievement of internal goods, while the virtues can in turn limit the attainment of external goods. In this sense, institutions (with their focus on external goods) are considered to have a corrupting influence over practices, where the “ideals and creativity of the practice are always vulnerable to the acquisitiveness of the institution, in which the cooperative care for common goods of the practice is always vulnerable to the competitiveness of the institution” (p. 194).

The development of practices and their related institutions over time is related to this tension, manifested in the development and exercise of the virtues and their associated vices:

<sup>2</sup> Although MacIntyre is not proposing a psychological theory of motivation, there is some similarity between the motivations for pursuing internal and external goods and Deci and Ryan’s (1985) theory of intrinsic and extrinsic motivation, where “The most basic distinction is between intrinsic motivation, which refers to doing something because it is inherently interesting or enjoyable, and extrinsic motivation, which refers to doing something because it leads to a separable outcome” (Ryan and Deci 2000, p. 55); however, see also Ryan and Deci’s taxonomy of human motivation (2000, p. 61), where some extrinsic motivations may correspond to the pursuit of some internal goods.

For the ability of a practice to retain its integrity will depend on the way in which the virtues can be and are exercised in sustaining the institutional forms which are the social bearers of the practice. The integrity of a practice causally requires the exercise of the virtues by at least some of the individuals who embody it in their activities; and conversely the corruption of institutions is always in part at least an effect of the vices. The virtues are of course themselves in turn fostered by certain types of social institution and endangered by others. (p. 195)

The account of the virtues presented thus far is considered by MacIntyre to be a partial description as it is related specifically and only to practices (including their relation to institutions). This partial description requires amplification in order to overcome several difficulties: firstly, the existence of competing practices and absence of objective criteria leave morality open to continued conflict and arbitrariness, and a return to emotivism; secondly, our understanding of the virtues themselves is incomplete if they are restricted to the exercise of specific practices, as some virtues are necessarily implicated in ordering or ranking at a 'meta-practice' level; thirdly, one virtue—that of Integrity (or Constancy)—refers, by definition, to the 'wholeness' of a human life rather than particular activities. In MacIntyre's view, there are two further aspects of virtue that require consideration, the first is in relation to the 'narrative unity' of a human life and the role that virtues play, the second is in relation to one's community and the history of that community, expressed as a tradition.

### Narrative Unity

MacIntyre identifies both social and philosophical obstacles to conceiving of a human life as a narrative unity. From a social perspective, it has become common to conceive of distinct domains of human life: work versus leisure, private versus public, corporate versus personal, and childhood versus adulthood versus old age. He focuses, however, on the philosophical obstacles that derive from both analytical philosophy and sociological/existentialist approaches, where the former emphasises the atomistic nature of human action and the latter emphasises the distinction between an individual and his/her social roles. MacIntyre argues that an individual's behaviour can only be completely understood if one also has an understanding of his/her intentions and his/her setting (be it a practice, institution or other milieu), and where both the intentions and setting have a history and long-term orientation.<sup>3</sup>

<sup>3</sup> He uses an example of a man gardening. Without understanding his intentions (is he gardening in order to reap vegetables or to please his wife), and the setting (is this part of an annual cycle, or marital

While this may not seem controversial, it can be contrasted with a modernist preoccupation with right action. MacIntyre's point is that our behaviour is best understood as part of a narrative, a drama in which we are co-authors, and that actions are only intelligible when considered in relation to this narrative.<sup>4</sup>

Associated with MacIntyre's concept of an individual narrative unity, are the virtues of Integrity and Constancy. Although, in *AV*, he does not expound on these virtues (and considers these as a single virtue 2007, p. 203), he has since distinguished between the two (MacIntyre 1999, p. 318), where Integrity refers to exhibiting "the same moral character in different social contexts" and Constancy to pursuing "the same goods through extended periods of time". For both of these virtues, the concepts of 'wholeness' of character and of being undivided are central (reflecting the alternative, often non-moral usage of the term 'integrity'), and MacIntyre bemoans the compartmentalisation of much of our modern ways of life that militates against such Integrity and Constancy.

### The Role of Tradition

Where an intelligible account of actions is only possible within the context of a dramatic narrative, a more complete understanding requires that we appreciate the intersection of our narratives with those of others, the role that we play in others' narratives and the role they play as co-authors of our own. It is thus also with reference to the community and roles into which we are born and adopt, that our social and moral identity is constituted<sup>5</sup>:

I am someone's son or daughter, someone else's cousin or uncle; I am a citizen of this or that city, a member of this or that guild or profession; I belong to this clan, that tribe, this nation. Hence what is good for me has to be the good for one who inhabits these roles. As such, I inherit from the past of my family, my city, my tribe, my nation, a variety of debts, inheritances, rightful expectations and obligations. These constitute the given of my life, my moral starting point. (MacIntyre 2007, p. 220)

And:

Footnote 3 continued

expectations), we cannot gain a complete understanding of his behaviour.

<sup>4</sup> In this respect, MacIntyre's philosophy bears similarities with the work of Ricoeur (1992) and Taylor (1989); but see Strawson (2004) for a contrary view. See also Christman (2004), Lippitt (2007) and Rudd (2007, 2009) for further discussion and criticism of MacIntyre's perspective.

<sup>5</sup> Lutz (2012, p. 125) succinctly describes MacIntyre's concept of tradition as "a final and thorough rejection of individualism".

I find myself part of a history and that is generally to say, whether I like it or not, whether I recognize it or not, one of the bearers of a tradition. (MacIntyre 2007, p. 221)

MacIntyre uses the term ‘tradition’ to describe a ‘mode of understanding’ in which a practice is continued, transmitted and reshaped over generations, and where a tradition is only considered to be ‘in good order’ if “it is always partially constituted by an argument about the goods the pursuit of which gives to that tradition its particular point and purpose” (2007, p. 222).<sup>6</sup> Furthermore, MacIntyre identifies an additional virtue: that of “having an adequate sense of the traditions to which one belongs or which confront one” (2007, p. 223). Such a virtue provides the practical judgement that is necessary in various situations, particularly those characterised by a ‘tragic dilemma’ (by which he refers to a situation where one is confronted with mutually exclusive alternatives, both of which one ought to pursue).

#### *After Virtue? Accounting as a Moral and Discursive Practice*

Having reviewed the key concepts in MacIntyre’s virtue ethics, it is possible to identify four significant limitations in the previous work that considers AV and accounting: Francis’ (1990) article *AV? Accounting as a Moral and Discursive Practice*. Firstly, Francis conflates virtues with internal goods (see pp. 9–11). In a section titled ‘Some virtues of accounting practice’, he identifies five candidates for internal goods, one of which is MacIntyre’s virtue of Honesty; furthermore, it is not clear exactly how the other four internal goods correspond to MacIntyre’s examples of internal goods provided in AV. Secondly, he provides no discussion of two of the virtues that MacIntyre considers essential to any practice (Courage and Justice). Thirdly, he provides no explicit consideration of the narrative unity of a human life, the virtue of Integrity/Constancy, the role of tradition, and the associated virtue of having an adequate sense of one’s traditions. Lastly, he emphasises the role of ‘discourse’ and the objectification of humans, referring explicitly to Foucault in this regard, a stance that is not particularly MacIntyrean (although it may be that some of the points made by Francis could be conceived in MacIntyrean terms).

<sup>6</sup> MacIntyre’s later work (including *Whose Justice? Which Rationality* and *Three Rival Versions of Moral Enquiry*) pays particular attention to the traditions associated with the practices of ‘rationality’ and ‘moral enquiry’ themselves (see Lutz 2004; Nicholas 2012 for more detailed analyses). See also Knight’s (2008) discussion of MacIntyre’s work as rival to, and extension of other broad traditions in philosophy.

Given these limitations, and the potential for a MacIntyrean reimagining of accounting ethics, a closer analysis of how the concepts of MacIntyre’s virtue ethics can be applied to accounting is warranted. Before doing so, however, some consideration of how the accounting profession addresses ethical issues is necessary.

### **The Context of Professional Accounting Ethics**

The mission of IFAC is to “serve the public interest” in relation to several aspects of professional accounting (IFAC 2015b). The concept of the ‘public interest’ typically has ethical connotations, and has been defined by IFAC as “the net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy” (IFAC 2012, p. 1). More specific issues relating to accounting ethics are addressed primarily through IFAC’s support of the International Ethics Standards Board for Accountants (IESBA) and the International Accounting Education Standards Board (IAESB).

The IESBA has as its focus the development and ongoing revision of the *Code of Ethics for Professional Accountants* (see, for example, the IESBA Strategy and Work Plan 2014–2018, in which three of its four strategic themes focus on the Code, the fourth referring to engagement with stakeholders).<sup>7</sup> The Code itself consists of three sections (labelled ‘Parts’). The first introduces the five ‘fundamental principles’ of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; brief descriptions of these are provided in para. 100.5:

- (a) Integrity—to be straightforward and honest in all professional and business relationships.
- (b) Objectivity—to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- (c) Professional Competence and Due Care—to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques

<sup>7</sup> Other pronouncements issued by the IESBA deal with amending particular issues addressed in Parts B and C of the Code (i.e., not the fundamental principles), such as *Changes to the Code Addressing Certain Non-Assurance Services Provisions for Audit and Assurance Clients* (IESBA 2015). Further guidance provided by the IESBA relates primarily to how the Code should be implemented and interpreted, and does not introduce additional principles or values (IESBA 2010, 2012).

and act diligently and in accordance with applicable technical and professional standards.

- (d) Confidentiality—to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- (e) Professional Behavior—to comply with relevant laws and regulations and avoid any action that discredits the profession.

This is followed by the articulation of a ‘Conceptual framework’ (para. 100.6) that requires professional accountants to “identify, evaluate, and address threats to compliance with the fundamental principles”, thereby assisting them in “complying with the ethical requirements of this Code and meeting their responsibility to act in the public interest”. Application of this framework accordingly requires both rational consideration of the principles and particular situations, as well as the ability to take action where necessary (which could include, for example, disassociating oneself from particular information or activities) in order to reduce or mitigate threats to these principles.

The second section of the Code applies this conceptual framework approach to a variety of situations faced by professional accountants in public practice; the third section does the same for professional accountants in business.

One of the objectives of the IAESB is to establish “a series of high-quality standards and other publications reflecting good practice in the education, development, and assessment of professional accountants” (IAESB 2015, p. I), which includes addressing the ‘professional values, ethics and attitudes’ required of professional accountants. In achieving this objective, the IAESB issued an International Education Standard (IES 4) dealing specifically with ‘professional values, ethics and attitudes’, and which requires that IFAC member bodies provide “a framework of professional values, ethics and attitudes for aspiring professional accountants to (a) exercise professional judgment, and (b) act in an ethical manner that is in the public interest” (para. 9), and that they “integrate relevant ethical requirements throughout professional accounting education programs” (para. 10). There is some indication that IES 4 goes beyond adherence to the five fundamental principles identified in the Code, where ‘professional values, ethics and attitudes’ are described as including

...a commitment to (a) technical competence and professional skills, (b) ethical behaviour

(e.g. independence, objectivity, confidentiality, and integrity), (c) professional manner (e.g. due care, timeliness, courteousness, respect, responsibility, and reliability), (d) pursuit of excellence (e.g. commitment to continual improvement and lifelong learning), and (e) social responsibility (e.g. awareness and consideration of the public interest). (IAESB 2015, p. 61)

In addition to the prescriptions of the IES, the IAESB has published *International Education Practice Statement 1* (“Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes”) that provides guidelines to assist member bodies in implementing IES 4. The practice statement includes a proposed ‘Ethics Education Continuum’ comprising four stages: enhancing ethical knowledge, developing ethical sensitivity, improving ethical judgment and maintaining an ongoing commitment to ethical behavior, as well as suggested approaches to incorporating ethics into the accounting curriculum, and to delivering and assessing ethics education.

### Applying MacIntyre’s Ethics to Accounting

Given this professional context within which ethical issues are typically framed for accounting practitioners, this section examines how each of the key concepts of MacIntyre’s virtue ethics can be applied to accounting.

#### Practices

A case can be made for accounting to be considered a ‘practice’, and contrasted to bookkeeping as a related technical skill. While both are cooperative human activities with standards of excellence, it is within the domain of accounting (rather than that of bookkeeping) that questions regarding its purpose—to whom one reports, and why?—are raised, and answers suggested (see, for example, Beaver and Demski 1974). It is also within the domain of accounting that a history can be traced, where such questions have generated differing answers, and where related changes in accounting practice are observed (Edwards 2014; Lee and Parker 2014). The accounting history literature is itself testament to this, and examples of such changes in accounting practice include the increasing formalisation of social and environmental accounting in recent decades (such as through the Global Reporting Initiative’s (2013) *G4 Sustainability Reporting Guidelines*), the use (and decline in use) of value-added statements (Pong and Mitchell 2005; Burchell et al. 1985), and the introduction of statements of comprehensive income (Robinson 1991; Van Cauwenberge and De Beelde 2007).

In each of these cases, the changes are a function of the practice itself; in contrast, the absence of academic journals on ‘bookkeeping history’ is telling, and a history of bookkeeping (like a history of turnip planting) would likely focus on technical and technological changes over time, made in the service of the practice of accounting (or farming) to which it contributes. This observed distinction between bookkeeping and accounting accordingly provides an empirical example of MacIntyre’s distinction between practices and skills, and an initial confirmation of the applicability of MacIntyre’s scheme.

There are a number of ways in which MacIntyre’s discussion of internal goods can be applied to accounting. Firstly, drawing on his example of painting, we can posit excelling in the practice of accounting, and progressing the practice of accounting as relevant internal goods. Regarding the former, the most obvious candidate for such an internal good would be high-quality financial statements (i.e. financial statements that fairly present an organisation’s financial affairs as far as is possible). Acknowledging that the product of accounting goes beyond traditional financial statements, this would also include high-quality management accounts, budgets, forecasts, performance measures and other accounting information used within organisations, as well as non-financial information that responds to the interests of non-shareholder stakeholders (including corporate social responsibility reporting, and measures related to employee diversity and well-being).

Excellence in progressing the practice of accounting is most clearly demonstrated in the development and amendments to accounting practice that enable ‘better accounting’. This includes the ‘due process’ associated with various consultation papers and exposure drafts that are developed and issued by professional bodies (IFAC 2010), by which incremental improvements to accounting standards are progressed, as well as the ongoing development and revision of social and environmental accounting standards (such as by the Global Reporting Initiative). The possibilities explored by alternative accounting practices, such as the development of ‘silent’ and ‘shadow’ accounts (Dey 2003; Moerman and van der Laan 2015) provides a further example of such an internal good, operating outside the traditional boundaries of the profession.

MacIntyre’s conception of the ‘life of a painter’ may not, however, be so easily transposed to the domain of accounting. This may be at least partly due to a perception that the life of a painter is not immediately associated with the external goods of fame, status and wealth (particularly before the artist’s death!), and the recognition that those who choose such a life, often do so (or at least are perceived to do so) in pursuit of the goods intrinsically related to their practice. In contrast, life *as an accountant* may not be intuitively associated with the pursuit of the goods

intrinsically related to accounting, but rather to the external goods that may accrue, or at least some combination of the two. In the recent decades, we have witnessed a move to greater commercialism in accounting (Royston et al. 2002; Carnegie and Napier 2010; Willmott and Sikka 1997; Carter and Spence 2014; Spence and Carter 2014), reflected in the increasing importance of status, consumption, pleasure and wealth in portrayals of accountants (Baldvinsdottir et al. 2009), as well as the positioning of accountants as multidisciplinary business entrepreneurs in their own right (Picard et al. 2014); all of which suggests an increased focus on external goods, rendering the concept of the ‘life as an accountant’ an oddity. Indeed, as Carnegie and Napier’s examination of post-Enron literature notes, “The *traditional accountant* stereotype is mobilized almost in nostalgia for a time when accountants may have been boring but could be relied on to be upright, independent and respectable” (Carnegie and Napier 2010, p. 374). Related to MacIntyre’s scheme, a focus on external goods over internal goods suggests that, in contrast to the painter, the motivations of accountants may indeed be misplaced.

Secondly, drawing on MacIntyre’s example of the chess player we can suggest that the internal goods of accounting also include the concomitant intellectual skills, imagination and judgement that accompany the pursuit of quality reporting and better accounting. Beyond the identification of relevant internal goods, however, the example of the chess player has greater applicability to accounting. Replacing the chess player with an accounting graduate, the desire for candy with a desire for wealth, we can paraphrase MacIntyre, stating that

... so long as it is the money alone which provides the graduate with a good reason for practicing accounting, the graduate has no reason not to cheat and every reason to cheat, provided he or she can do so successfully. (Adapted from MacIntyre 2007, p. 188)

A number of studies (Auyeung and Sands 1997; Ahmed et al. 1997; Lowe and Simons 1997; Byrne and Flood 2005) provide evidence that external factors—a desire for wealth (earning potential), status and/or security, play a significant role in attracting accounting students to the profession, often more so than factors internal to accounting, suggesting that this example is not far fetched.

A number of observations can be drawn from the above. Firstly, as suggested above, the current motivations associated with accounting are likely to be misplaced, and a focus on the external goods that may accrue to accountants serves neither the practitioners nor their stakeholders well. Secondly, given the uncontroversial belief that accountants ought not to cheat, it follows that, as in MacIntyre’s example of the chess player, we would hope instead that eventually (or, on balance) the internal goods associated



with accounting (as outlined above) provide sufficient motivation and reward for practicing accountants. Similarly, we can assert that it is morally desirable that accountants pursue such internal goods associated with the practice of accounting.

These implications should not be underestimated. They provide us with a normative judgement applicable to all accountants, that goes beyond an exhortation not to cheat, defraud or misrepresent an organisation's affairs. Instead, we have a reasoned judgement that enjoins accountants to pursue internal goods over external goods, to value excellence in the practice of accounting and in the intellectual abilities associated with such a practice over the accumulation of wealth, status and power. Such an approach stands in stark contrast to how accounting ethics is articulated by the profession and how accounting is currently taught, where the Code of Ethics is focused on removing opportunities to cheat (the conceptual framework approach of identifying, evaluating and addressing threats) rather than identifying opportunities to foster the internal goods of accounting, and where references to motivation in accounting textbooks typically refer primarily to extrinsic rewards and the design of financial reward systems to motivate behaviour (see, for example, Horngren et al. 2014).

## Virtues

MacIntyre's necessary virtues of Courage, Justice and Honesty can, conceptually, all be applied to the practice of accounting. Firstly, an accountant may need to take risks that could result in loss (requiring Courage) when, for example, providing a complete account of a project's viability even when it reflects failure, or when an auditor provides a qualified audit report to a client that may result in losing the client's business. Secondly, the practice of accounting itself does, to some extent, present a reckoning of the interests of different parties, and consideration of how best to achieve a reckoning that is both accurate and fair is subject to continued debate and analysis (reflecting Justice). Lastly, while there is an obvious imperative to provide accounts that are not only fair, but true, progress in accounting practice requires openness to alternative viewpoints and to critiques of existing accounting frameworks and habits (requiring Honesty).

These three virtues can be contrasted with Part A of the Code of Ethics (para. 100.5), where the fundamental principles for professional accountants are identified, but of which only one (Integrity) could correspond to a 'virtue' (as a character trait or disposition). The Code describes Integrity as being "straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness" (Section 110.1), which

suggests some overlap with MacIntyre's virtues of Honesty and Justice. It also requires that when an accountant becomes aware of misleading information that he/she "take steps to be disassociated from that information" (Section 110.2), which could conceivably involve personal loss, and thus require Courage. While some aspects of these virtues are thus evident in the description of Integrity, there is room for greater and clearer articulation of Courage, Justice and Honesty.

There is little attention to such virtues, character traits or dispositions in the IAESB publications, with no mention at all in IES 4. It is notable that, although not in its exposure draft, IEPS 1 does include two paragraphs on 'Ethical Courage' when discussing workplace learning. IEPS 1 also proposes an 'ethical continuum' (para. 14) that includes four stages: enhancing ethics knowledge, developing ethical sensitivity, improving ethical judgment and maintaining an ongoing commitment to ethical behaviour. The first of these stages includes developing an understanding of "the fundamental theories and principles of...virtues" (para. 20). Although the fourth stage suggests a long-term orientation that may align with (or could require) the development of character traits, the statement envisages this to encompass application of the first three stages in the workplace (emphasising the importance of continuing professional development, see paras. 28–30).

The lack of emphasis on virtues or character traits in both IAESB and IESBA publications can be contrasted with research that stresses their importance. Not only is virtue ethics frequently considered alongside utilitarianism and deontological ethics in introductory discussions of moral philosophy (De George 2010; Grace and Cohen 2013; Duska et al. 2011), but the development of character is important in both moral and positive psychology. Rest et al.'s (1999) four component model of moral psychology includes moral sensitivity, moral judgment, moral motivation and moral character, and provides a useful contrast to the four stages presented in IEPS 1. Peterson and Seligman's (2004) work in positive psychology emphasises the importance of character traits in achieving well-being, and they identify both Courage and Justice as virtues (amongst four others), with Integrity (incorporating Authenticity and Honesty) as a strength of character associated with the virtue of Courage. Some accounting researchers have accordingly argued for greater attention to virtues and character in accounting education (Armstrong et al. 2003; Mele 2005; Mintz 1995).

However, although MacIntyre's approach clearly identifies the three virtues of Courage, Justice and Honesty, it is notable for not only emphasising the development of virtues and character strengths, but for providing a framework that links these virtues (and the development of individual character) to the internal goods of accounting and to

accounting as a social practice, and which can then be contrasted with external goods and the corrupting influence of institutions.

### Institutions

Applied to accounting, MacIntyre's understanding of institutions would include the professional bodies (such as the various Institutes of Chartered Accountants), professional accounting firms, and accounting departments in public and private sector organisations, although each of these groups plays their distinct own role in establishing, maintaining and furthering accounting practice. Within the various institutional contexts we can consider the extent to which virtues and vices are exercised and/or promoted.

Regarding the exercise of the virtues, there is some (albeit brief) acknowledgement in the IFAC Code (as noted above), and the profession regularly reiterates its commitment to fair and honest reporting (see, for example, the various discussion points related to ethics that are raised on the IFAC website's 'Global Knowledge Gateway' 2015a). Furthermore, a substantial portion of the IFAC Code is devoted to identifying and mitigating risks to honest accounting practice. Many of those employed in accounting departments and professional firms participate in this approach by virtue of their professional affiliations, while also subject to measures taken by their own organisations to curb dishonest accounting practices and fraud.

Complementing this, however, is evidence of the corrupting influence of the institutions, where research has documented how professional accounting bodies around the world have, in the pursuit or maintenance of status, wealth and power, excluded groups of people, based on gender (Kirkham and Loft 1993; Lehman 1992), race (Hammond 1997; Hammond et al. 2009, 2012; McNicholas et al. 2004) or language (Spence and Brivot 2011).

As mentioned above, there is also evidence of increasing commercialisation of accounting in recent decades. Spence and Carter's (2014; see also Carter and Spence 2014) study of partners at Big 4 accounting firms is of particular interest as they distinguish between the commercial and technical logics that exist within accounting firms and describe how the former, focused on increasing firm revenue and profits, is completely dominant amongst partners. Their interviews also reveal how the technical and ethical aspects of accounting are relegated to staff at lower levels (including directors and senior managers) and how ethical issues are interpreted legalistically, in terms of risk management. Although Spence and Carter provide a sociological interpretation based on the work of Bourdieu, and contrast their findings with the public interest claims of the profession, they provide a particularly vivid example of how institutions, necessarily involved in the allocation of the goods of

status, power and wealth, can lose sight of the internal goods associated with the practices they house. While empirical studies describe and explain such arrangements, MacIntyre's account provides a normative framework (with a reasoned justification) that requires the prioritisation of internal over external goods, with the prediction that "if in a particular society the pursuit of external goods were to become dominant, the concept of the virtues might suffer first attrition and then perhaps something near total effacement, although simulacra might abound" (2007, p. 196).

### Narrative Unity

MacIntyre's claim that actions are only intelligible when we understand the individual's setting and intentions is entirely consistent with how ethical transgressions in accounting are popularly conceived. That is, few would argue that the act of an accountant who misappropriates to fund his/her child's life-saving medical treatment is ethically equivalent to one who misappropriates to fund his/her Caribbean holidays. Furthermore, the proliferation of books (Carnegie and Napier 2010 identify nine non-academic books published between 2002 and 2006 on the Enron scandal alone) that provide more complete descriptions of accounting scandals and fraud suggest that such a context is both necessary and desirable in order for the supposed ethical transgression to be adequately understood.

Similarly, MacIntyre's view of personal identity, coherent and identifiable despite psychological changes over time, is consistent with the typical understanding of the concept of 'accountability'. In his own words:

To be the subject of a narrative that runs from one's birth to one's death is ... to be accountable for the actions and experiences which compose a narratable life. It is, that is, to be open to being asked to give a certain kind of account of what one did or what happened to one or what one witnessed at any earlier point in one's life than the time at which the question is posed. (p. 217)

This view is implicit in the various sanctions and modes of redress that are available for moral infringements, whether through the law or professional codes; for these laws and codes to be intelligible we must accept such an account of personal identity and reject those philosophies (whether of an analytical or continental tradition) that discard such a notion.

Regarding the virtue of Integrity/Constancy, we would expect an accountant with Integrity to maintain consistent views, in differing social contexts, regarding issues such as the appropriate information that ought to be disclosed to

various stakeholders. That is, a company accountant would lack Integrity if he/she limits the disclosure of a product's side-effects to what is legally mandated, but then, in his/her position as parent and consumer, demands (on moral grounds) that other companies go beyond legal requirements in disclosing the possible side-effects of a similar product. Similarly, we would expect an accountant with Constancy to pursue the goods of providing quality financial statements year after year. An auditor who requires his/her client to make particular changes to achieve fair presentation one year, but then ignores the same issue in the following year, would lack the virtue of Constancy.

MacIntyre's approach to Integrity can be contrasted with the approach taken by the accounting profession. The 'fundamental principle' of Integrity, described as being "straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness" (para. 110.1), appears to reduce Integrity to being 'true and fair' (characteristics already covered by the virtues of Honesty and Justice). However, this description does require accountants to display such Honesty and Justice across differing contexts (the variety of 'professional and business relationships'), and thus does reflect MacIntyre's approach to some extent. Hints of a wider understanding are also evident in the Chartered Institute of Management Accountants' advice to their members regarding what counts as 'misconduct', which includes a "criminal conviction for acts of violence" (Chartered Institute of Management Accountants n.d.)—a transgression not necessarily limited to professional and business relationships, as well as CPA Australia's 'fit and proper' requirement that takes into account whether a member has any criminal conviction at all (CPA Australia 2015). However, by restricting Integrity to 'professional and business relationships', the Code creates a distinction between the professional/business domain and other aspects of the accountant's life, and thus undermines the importance of Integrity as a state of 'wholeness' or being undivided.

### The Role of Tradition

MacIntyre's concept of tradition, or indeed any concept of moral identity that goes beyond the articulation of five principles fundamental to professional accounting, and an appreciation of threats to the five fundamental principles, is completely absent in the profession's approach to accounting ethics. The concept can, nevertheless, be applied to accounting. It is obvious that, even if students are not taught about it, there is more to accounting than its contemporary practice and institutions, and a more complete understanding of accounting must include its historical development, its successes and failures and the debates and arguments concerning what counts as 'good'

accounting. Concerning the goods which provide accounting with 'its particular point and purpose', and arguments about which would characterise a tradition of accounting practice in 'good order', we can suggest two rival positions.

According to the first position, the practice of accounting (and the institutions that have maintained and sustained this practice) has provided a significant contribution to the increased well-being of large numbers of people across the globe. In so far as the invention of the limited liability company is second only to the wheel in making the greatest contribution to humankind (Tricker 1990, p. 253), accounting has provided the means by which this invention is used, enabling those with access to capital to ensure it is financially productive, and those charged with employing capital to plan and control its use, such that financial objectives are achieved. Put to such use, accounting has facilitated the creation of new enterprises, investment in new factories and offices, and development of new products and services, all of which have provided increased employment (and new opportunities for employment) and greater material well-being for the communities within which these businesses operate. (To some extent, this approach reflects neo-liberal market economics (Friedman 1962) and is consistent with both shareholder (Friedman 1970) and instrumental stakeholder (Donaldson and Preston 1995) approaches to corporate governance.)

In this perspective, the primary ethical issue relates to the possibility of providing accounts that are false and/or misleading (particularly to the providers of capital). The profession's approach (reflected in the Code) has been to require accountants to identify and evaluate scenarios in which principles such as integrity and objectivity might be compromised, but continued ethical failures have led to greater emphasis on ethics education for prospective accountants, and increased regulation and oversight of the profession.

While this position is dominant (and implicit in most accounting education), a second position can be suggested, in which accounting practice and its institutions are complicit in the oppression and exploitation of various groups and individuals. This goes beyond the use of accounting techniques to facilitate the Holocaust (Lippman and Wilson 2007), and includes oppression and exploitation in capitalist, democratic societies. While some of the ways in which professional accounting bodies have excluded individuals based on their gender, race or language have been documented (as discussed above), this position further emphasises the servitude of current accounting practice to capital (Hopper 2013), with the consequence that those without access to capital are, at best, ignored and excluded, but at worst, are harmed in the pursuit of financial gain facilitated by accounting.

While much of the literature related to this position is reflected in the critical accounting research paradigm (Chua 1986), this second approach to understanding accounting is also reflected in MacIntyre's own perspective on capitalism (articulated in *Three Perspectives on Marxism*, see MacIntyre 2002, p. 147). He identifies two particular injustices: those perpetrated by individuals who could have done otherwise within capitalist norms and whose failure reflects defects in their character (reflecting ethical failures related to the first position above), and those that are more systemic, reflecting a one-sided and unequal relationship between capital and labour (reflecting the second position). In this view, to the extent that financial accounting assists the holders of capital in achieving their objectives within such an unjust milieu, it is complicit in the injustice. Furthermore, in *AV* (although not part of Chaps. 14 and 15, see Chaps. 6 and 8 in particular) MacIntyre identifies a number of 'characters' that are archetypes of emotivism. One of these is the bureaucratic manager who uses the quasi-scientific findings of social science to provide an 'objective' veneer to his/her preferences, and who single-mindedly pursues ever more effective means to attaining ends that are never themselves brought into question. As management accounting in particular is aimed at providing techniques to assist such managers, it is complicit in this.

The mere existence of these competing positions, each positing its own version of the relationship between accounting and society (and the possibility of other, more moderate positions), may suggest that the tradition of accounting is in 'good order'. However, it is noticeable that outside the realm of academia, there is, in fact, little debate on the goods and purpose of accounting, and the first position is adopted largely without question (there is, for example, typically no reference in textbooks (such as Horngren et al. 2014) or professional pronouncements (such as IESBA documents) regarding the negative impact that accounting practices may have). This is not to argue in favour of the second position, but rather to point out that without such debate within the actual practices and institutions of accounting, the tradition of accounting is, according to MacIntyre's scheme, in a state of decay.

## Implications

Having considered the key concepts of MacIntyre's virtue ethics, and how these can be applied to accounting, it is possible to identify a number of implications. This section considers both areas where MacIntyre's ethics supports the approach taken by the profession, as well as areas in which it provides a critique and raises particular challenges. Regarding the former, it is apparent from the discussion

above regarding the history of accounting, the community of professional accounting practitioners and the articulation of standards by this community that MacIntyre's concept of a 'practice' is well suited to accounting. Given the difficulties in applying this concept to business in general (Beadle 2008; Moore 2002) this is itself significant, and immediately suggest that MacIntyre's scheme is of use in this area. Secondly, there is some evidence of MacIntyre's necessary virtues of Courage, Justice and Honesty in the profession's emphasis on Honesty (as an element of the fundamental principle of Integrity), and in its (albeit occasional) references to Courage and Justice. Thirdly, MacIntyre's understanding of the narrative unity of one's life underlies the concept of accountability, and thus the use of professional regulations to ensure such accountability. The approach to virtue ethics presented in *AV* accordingly provides some philosophical support for how ethics is approached by the accounting profession.

There are, however, a number of challenges raised by the application of MacIntyre's ethics to accounting, which suggest areas in which the professional approach to ethics ought to be reconsidered. Firstly, the distinction MacIntyre draws between internal and external goods, and the imperative to prioritise internal goods, provides a normative judgement lacking in the profession's approach. Without this requirement, MacIntyre's perspective predicts that the practice of accounting would become no more than a means of accumulating wealth, status and power, and the evidence from studies of professional accounting firms (Spence and Carter 2014; Carter and Spence 2014) suggests that this may have already occurred. To avoid (or reverse) this requires that those who manage the institutions that house accounting practice (including professional bodies, firms and accounting departments) re-focus attention towards the internal goods of accounting. Considering, for example, the relationship between high performance, organisational prominence and fraud (Mishina et al. 2010), and the pressures associated with performance and prominence, the manager of an accounting department may need to identify and articulate a mission and strategy for his/her department that is at odds with the organisational mission of maximising shareholder wealth. The focus within such a department must instead be on the excellences of providing reports that fairly present the underlying activities as accurately as possible, of exploring possibilities for better accounting, and of further developing the associated cognitive skills. In such an organisational context, it is imperative that an accountant who adjusts accounts in order to meet executive expectations or aspirations is not mistaken for a good accountant.

Secondly, the three virtues that MacIntyre identifies as being essential to any practice provide a focal point for the development of moral behaviour in accounting. That is, in

addition to emphasising principles such as independence and objectivity, developing the Courage, Justice and Honesty that is required in order for accountants to achieve independence and objectivity is necessary in achieving excellence in accounting practice.<sup>8</sup> Greater attention to these three virtues in IESBA and IAESB documents is warranted.

Thirdly, the concept of narrative unity and the associated virtue of Integrity/Constancy require that individual accountants question the degree to which their ethics reflects the compartmentalisation of modern life. For example, to what extent do they maintain different stances in their roles as preparer and consumer of accounting information? MacIntyre's more substantial interpretation of Integrity also questions whether the profession's definition is adequate, and whether the requirement to be honest, straightforward and fair in one's professional and business relationships sufficiently captures the meaning of this virtue.

Lastly, the importance of tradition, and the virtue of having an awareness of one's traditions, requires that a broader understanding of one's communal setting is necessary. Perhaps the most challenging of these implications, this requires reflection of the role that accounting plays in society by both its practitioners and those managing the institutions that house accounting practice. Accordingly, it precludes an unquestioning acceptance of the moral benefits of accounting, and instead requires ongoing critical reflection on how the accounting product, and the accounting processes that are adopted, contribute to the community of accountants and those who use and are affected by accounting information. It also implies explicit recognition of the potentially deleterious effects of accounting, and the active pursuit of accounting possibilities that could overcome these.

## Conclusion

Recurrent ethical scandals perpetrated and facilitated by accountants have resulted in greater attention to accounting ethics, with knowledge of ethics being incorporated in the accounting curriculum, and opportunities for unethical behaviour addressed through changes in corporate governance. Yet despite this greater attention to ethical issues, there has been little detailed philosophical attention to the profession's approach to ethics. Application of particular moral philosophies or philosophical concepts has the

potential to provide alternative perspectives on ethics in accounting, which can provide theoretical support for the profession's approach to ethics, while also raise issues for further consideration by the profession and accounting practitioners. This paper has provided such an application, by examining how Alasdair MacIntyre's virtue ethics, as articulated in Chaps. 14 and 15 of *AV*, can be applied to professional accounting.

The paper makes two principal contributions. Firstly, by articulating the key concepts in *AV*'s virtue ethics, and considering how each of these can be applied to accounting, it provides a more accurate and thorough analysis than previous (Francis 1990) work in the area. Secondly, application of these key concepts provides philosophical support for several aspects of the profession's existing approach to accounting ethics, while also raising a number of areas in which the profession's approach can be critiqued and challenged. Ultimately, MacIntyre's scheme of practices and institutions, internal and external goods, virtues, narrative unity and tradition, provides a useful, alternative framework through which accounting ethics can be examined.

Such an application is not without its limitations. While a close reading of two chapters of *AV* enables a detailed and accurate application to accounting, other aspects of MacIntyre's work have not been considered in depth. This includes MacIntyre's perspective on capitalism (and how accounting may be related to this), and how the economic arrangements that MacIntyre believes are more conducive to the flourishing of individuals and communities may be related to accounting practice. Accordingly, while this paper provides a basis for understanding accounting in MacIntyrean terms, there is scope for further theoretical research in this area.

The implications identified in this paper also suggest areas which would benefit from empirical research. Examinations of particular ethical failures in accounting could highlight the degree to which the three virtues of Courage, Justice and Honesty are involved (or absent), and whether there are additional virtues essential to achieving the internal goods peculiar to accounting. Such studies could also investigate the degree to which the institutions of accounting have corrupted the goods of accounting practice (or how this may have been ameliorated by the virtues). The degree to which accountants compartmentalise their ethical stances can provide evidence related to the virtue of Integrity/Constancy, and MacIntyre's broader interpretation of Integrity provides an alternative approach to analysing ethical failures in accounting. Lastly, the need for accountants to have an awareness of one's own and competing traditions, and the apparent dominance of a single 'mode of understanding' accounting suggests a need for research into how such an awareness can be cultivated:

<sup>8</sup> This also has implications for accounting educators, where although there have been calls for greater attention to virtues and character in accounting education, a focus on these three virtues may be more manageable than lengthier lists of virtues (cf. Mintz 1995; Solomon 1992, p. 330).

are there any spaces in contemporary accounting practice in which alternative understandings of accounting can be heard or maintained? To what extent do practicing accountants, and those who manage the institutions that house accounting practice, reflect upon and question the goods of accounting? What approaches could be adopted to encourage a consideration of alternative understandings?

AV provides both a critique of modern morality and a vision of a neo-Aristotelian virtue ethics, with the intention of restoring intelligibility to moral discourse. It is hoped that the application of this virtue ethics to accounting, as demonstrated in this paper, encourages the further development of a better, more ethical, accounting.

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