

Discussion of “Does the Accounting Profession Discipline Its Members Differently after Public Scrutiny?” by D. F. Mescall, F. Phillips, and R. N. Schmidt

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Abstract The paper by Mescall et al. (J Bus Ethics, 2016) provides an opportunity to consider the meaning of “accounting professionalism” in the twenty-first century. To examine the paper, this discussion focuses on three areas, the research question Mescall et al. addresses, contributions of their paper, and what the paper tells us about accounting professionalism.

Keywords Accounting professionalism · Disciplinary committees · Public scrutiny · CPAB

With roots tracing back to the 1960s in the United States (US) (Zeff 2003a, b), accounting professionalism remains a cause for concern and represents a thought-provoking theme for the 2015 Ethics Symposium. The paper, “Does the accounting profession discipline its members differently after public scrutiny?” by Mescall, Phillips, and Schmidt provides an opportunity to consider what the term “accounting professionalism” means in a twenty-first century context.

Mescall et al.’s paper addresses the important research question: was the creation of an external (or public) accounting oversight body associated with the severity of discipline and other recommendations made by disciplinary committees when dealing with offending members? To address this question, the authors examine published disciplinary committees’ recommendations with respect to professional misconduct violations of chartered accountants in Ontario prior to (1984–2003) and following

(2004–2014) the creation of the Canadian Public Accountability Board (CPAB) in 2003.

To situate their study, Mescall et al. outline the relationship between their paper and the existing academic literature. In particular, the authors formulate their hypotheses using Parker’s (1994) private interest theoretical model of professional accounting ethics. On the empirical side, the authors base their examination on a variety of papers. Examples of such studies include Loeb’s (1972) US study of one state’s CPA (i.e., Certified Public Accountants) discipline cases. Also, Mescall et al. further explore Fisher et al.’s (2001) findings related to how the accounting profession responds to “threats”, extend Bédard’s (2001) examination of the effects of punishment types used in his Quebec-based auditors study and build onto Canning and O’Dwyer’s (2001) concerns about public versus private interests and transparency in accounting discipline cases.

To compare the accounting disciplinary situation pre- and post-CPAB formation, Mescall et al. formulate and test four hypotheses and find that the post-2003 disciplinary actions were more severe (H1), internal reporting of disciplinary sanctions increased (H2b), disciplinary committees recommended rehabilitation when the violation was more public in nature (H3), and the disciplinary committees recommended additional monitoring more often (H4).

For accounting ethics researchers and others interested in the state of accounting professionalism, Mescall et al. have added to our understanding of the types of effects that may be associated with the presence of a new disciplinary body. These effects relate to the authors’ four contributions. The authors document that an increase in public scrutiny is associated with more severe punishments (H1). They find that while internal disclosures of sanctions increased (H2b), external disclosures failed to increase indicating the existence of “a latent motivation for the

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profession to emphasize protection of its private interest over that of the public interest” (Mescall et al. 2016), a finding that is consistent with Parker’s (1994) theoretical model. Disciplinary committees recommend more rehabilitation and additional monitoring to offending members following CPAB’s creation (H3 and H4). Finally, using a sub-sample, Mescall et al. find a positive association between the successful remediation of disciplined members and the severity of punishment and increased rehabilitation efforts. Important to note is that the authors do not claim CPAB’s existence caused any of these effects.

Mescall et al. missed mentioning another contribution of their study: Their data originate from Ontario, Canada, a geographical region outside both the US and Quebec Canada (Loeb 1972; Bédard 2001). Evidence providing insights into an accounting organization located in a different geographical area offers the possibility of increasing our understanding of accounting professionalism in a different context and perhaps, a different accounting culture.

Contributions to the literature should not end with a study’s accomplishments. Instead, Dyckman and Zeff (2014, p. 706) suggest that in conclusion sections, authors need to provide their studies’ limitations, how those limitations may lead to further research and suggest ways to proceed with that research. Mescall et al. indicate three limitations of their study and suggest further research. First, the sample employed comes from one professional accounting organization (Institute of Chartered Accountants of Ontario) located in one geographic location (Ontario, Canada). The authors suggest that future research could include a broader geographic sample. However, they do not indicate how researchers might gain access to such data—a possible impediment to accounting professionalism research. Also, Mescall et al. do not indicate if such a study should be a replication—a type of study that other researchers have recently indicated is needed in accounting research (Denison et al. 2014; Dyckman and Zeff 2014). Given that only one organization’s professional misconduct cases are examined, Mescall et al.’s sample contains only accountants from public practice and industry. To remedy this second limitation, Mescall et al. suggest that with the recent unification of three accounting bodies in Canada, an opportunity exists to examine a more diverse group of accountants. This research project might “examine whether punishment, remediation, and monitoring are similarly prevalent in and effective with this more diverse group” (Mescall et al. 2016). The authors’ final limitation relates to their study design and the fact that they cannot make causal statements about the creation of CPAB and the resulting disciplinary sanctions. To further explore this research topic, the authors suggest examination of potential factors

that influence disciplinary committees’ actions with respect to accounting professionalism subsequent to the creation of the CPAB. One way to conduct this type of research offered by Mescall et al. is to try and determine whether disciplinary committee members felt the public scrutiny post-CPAB and if this influenced their decisions.

What do the findings of the Mescall et al. study tell us about accounting professionalism in the twenty-first century? Perhaps the major inference is that disciplinary committee sanctions applied to incidents of accountants’ professional misconduct increased and changed following the creation of CPAB. While the authors explored the efficacy of the sanctions with a sub-sample, how well these sanctions worked in the longer term (i.e., are the same accountants “repeat offenders” following remediation in the longer term) needs to be explored further. Additionally, the relationship between the existence of an accounting oversight body, such as the CPAB, and how it affects the actions taken by the members of disciplinary committees may also provide more insight into the future of accounting professionalism.

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