

Can Accounting Regimes Protect the Public Interests?

Dr. Saeed Askary

Gulf University for Science and Technology (GUST)

Department of Accounting

College of Business Administration

P. O. Box 7207 Hawally 32093 Kuwait

Tel: +965 5049 5063

Email: askary.s@gust.edu.kw

Can Accounting Regimes Protect the Public Interests?

Dr. Saeed Askary

Abstract

Protecting the public interests, as per IFAC mission and vision, in the current pluralistic societies and organization spawn damages to accounting profession reputation as a consequence of contribution of the profession in many accounting scandals. This paper confers about accounting regimes and profession in its real ability to protect the public interests by considering pluralism doctrine and accounting ethical values. We mobilized the concept of pluralism into accounting regimes to theorize protecting the public interests by looking at accounting scandals. The paper advanced prior works by unveiling the relationship between principle-based and rule-based accounting standard setting methods with protecting the public interests. IFAC, the current global accounting regime, should adopt conservative rule-based accounting method to protect the public interests. This method will help managers and auditors reduce crucially risk of irrelevant and not reliable financial information.

Keywords: Accounting regimes, accounting profession, corporate scandals, ethics, pluralism, the public interests.

1. Introduction

The accounting profession in today's diverse and therefore complicated business milieu primarily operates within highly pluralistic environments. Diversity and complexity of business comprise one of the top 10 business challenges with which the accounting profession is inevitably involved with¹. Different studies have investigated the accounting profession from the pluralistic perspective in areas such as education, practices and research (e.g. see [Brown, J. et al., 2015](#); [Buckley and McDonough, 1972](#); [Hoque et al., 2013](#); [Jacobs, 2012](#); and [Jocelyne, 1988](#)). *Pluralism* in a philosophical sense refers to a doctrine of multiplicity or diversity which is opposed to the concept of *monism* or the doctrine of unity. In other word, pluralism is a "...theory or system that recognizes more than one ultimate principle" ([ODE, 2006, p.1355](#)).

The root of the debate about the accounting profession as a pluralistic profession may be traced back to the pioneering work of [Buckley and McDonough \(1972\)](#). They believed that complexity is the root cause of pluralism when they opined that, "Complexity is the principal doctrine of pluralism – it underlines all other considerations" (p. 926). Then, [Jocelyne \(1988\)](#) raised the importance of pluralistic problems in teaching accounting and auditing for developed as well as developing countries. [Jean-Louis et al \(2007\)](#), postulated that pluralism was based on three elements: knowledge, value and power. [Jacobs \(2012\)](#) debated theoretical purity and theoretical pluralism by means of analysing different approaches used over the last sixteen years in public-sector accounting research. Similarly, [Hoque et al. \(2013\)](#) critically appraised multiple research theories to examine "different meanings of realities pertaining to management accounting information and process in organization and society" (p.1170).

¹ <https://www.leanmethods.com/resources/articles/top-ten-problems-faced-business>

Accounting envisages as a social phenomenon as well as a dynamic profession with multidimensional aspects and rules to bring benefit of useful information to the users. One of the recent accounting profession dilemma is to protect the public interests. The corporate collapses of the last decades such as Enron (2001), WorldCom (2001), Kmart (2002), Refco (2005), Lehman Brothers (2005) has doubted the claim to our society . “The dozy watchdogs” article published in *The Economists* on December 11th of 2014, voiced that “Some 13 years after Enron, auditors still can’t stop managers cooking the books. Time for some serious reforms”. A basic analysis of all 79 international accounting scandals from 1992 to 2012, one can finds that 39 of the scales occurred in USA and almost all Big 5 accounting firms involved with the scandals through violating professional ethical issues². Arthur Andersen was one of Big5 closed down after damaging both the pubic interests and the profession reputation. Thus, an analysis of the effect of pluralism on accounting profession function to protect the public interests by justifying professional ethic could be a critical research issue. Cooper (2005) required that *intellectual* academics should be active and involved in the promotion of the public interest.

IFAC defines the public interest as the net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy³. Those who reply on certified public accountants expect them to discharge their responsibility with integrity, objectivity, due professional care, and genuine interest in serving the public” (p. 109). The accounting profession supposed to serve the public interest and therefore the relationship between them could be viewed from different disciplines such as sociology, economics, politics, ethics etc. The public interests are those people of society who directly or indirectly benefit from

² Look at: https://en.wikipedia.org/wiki/Accounting_scandals

³ <http://www.ifac.org/system/files/publications/files/PPP%205%20%282%29.pdf>

an accounting good which is called as financial information. The traditional and classical question of how and in which manner the accounting profession could better serve society in different era would still require more investigations.

If accounting were perceived from the pluralistic perspective, then should ethical issues such as those cases in the corporate scandals of Enron type and Arthur Anderson, to be considered as a priority for the profession? This not only affords appropriate safeguards to accounting profession but it also sustains the profession's reputation for integrity and social responsibilities. This view is not only supported by previous studies (e.g. [Buckley and McDonough, 1972](#); [Cooper \(2005\)](#); [Hoque et al., 2013](#); [Jacobs, 2012](#)) but also by referring to the modifications required by the Sarbanes–Oxley (SOX) Act (2002). New sophisticated viewpoints and requirements (e.g. see [Lowell, 2002](#)) for the role of the profession by SOX after corporate collapses early in the 2000's have emphasized a higher degree of multi-functionality within the professional services in accounting by focusing on utilizing the public interests. [Chakarun, \(2002\)](#) predicted that the SOX Act would dramatically reform accounting functions and would usher in greater complexity in services provided. [Roth \(2007\)](#) showed that the SOX Act brought many difficulties for companies around the world in complying with the law and developing risk assessment tools.

The SOX has reformed many critical areas, for example, CEOs being responsible for establishing a strong and reliable internal control system; business settings to maintain ethical, moral, and accountable environments to safeguard the public interest; external auditors having greater responsibilities to stockholders by enhancing audit independence; working with new definitions of audit reports; reforming types of audit and non-audit services that auditors are allowed to provide to their customers; and optimizing corporate governance structures and their

specific attributes. According to expectations of what is going to be the accounting and auditing profession in the future, the profession is all the more complicated now within a pluralistic environment.

In addition, it may indicate the ways in which the profession should take ethical considerations in regard to protect the public interest. Reform in the accounting profession after corporate scandals was only regulatory reform by enacting Sarbanes–Oxley Act of 2002 in which in turn added more complexity to the profession function and yet the effect of the regulation on reducing accounting scandals is questionable. This implies that professional members are functioning in a pluralistic environment and they should be appropriately educated, developed and experienced in readiness for the new challenges and changes within multifarious business environments (Buckley and McDonough, 1972; Hoque *et al.*, 2013; Jacobs, 2012).

Within such contemporary societies, all professions need to comply meticulously with the codes of conduct which govern their operations, perhaps applying themselves with more resolution than ever. “Ethics” refers to “moral principles that govern a person’s behavior or the conducting of an activity,” (ODE, p. 595). To this, Hoyk and Hersey (2009) added that “people generally use three principles when making ethical decisions: (1) “amount of harm/benefit; (2) actor’s intentions; and (3) the application of agreed-upon rules or norms,” and they concluded that “Non-zero-sum interactions typically increase the amount of mutual benefit over harm, have intentions to serve the needs of the greatest number of people without violating the rights of minorities, and take into account rules and norms.” (Ibid. p. 28).

But after the collapse of financial markets following the Lehman Brothers’ debacle in 2008, it became clear that there had been far more skirting of ethics than skirting of the law. Such principles as integrity, fairness, transparency and mutual responsibility towards the client as

well as the stakeholders, were replaced by a strong inclination towards expediency, greed and indiscriminate profiteering regardless of the consequences. Yet it was not as if it was the first time that financial markets had teetered for those reasons. Even Adam Smith had warned against destructive consequences when he authored *The Theory of Moral Sentiments* in 1759, opining that capitalism would succeed if it was founded on values such as fairness and if it were implemented with a universally recognized set of rules to underpin economic society with a sense of justice (Trevino and Nelson, 2011). Using those sentiments as a starting point, Trevino and Nelson moreover observed that, “Our business behavior also affects our personal and company reputations, politics, society at large, and even national reputation.” (Ibid. pp.3-4). For this reason, ethics and the public interest are this work’s prime consideration within the accounting profession and they form the core of the models that the authors will present.

This study examines the effects of pluralism on accounting regimes and profession to uncover damages to the public interests due to the unethical behaviors of the profession as a result of the contemporary accounting scandals. IFAC, as an international accounting regime, AICPA and PCAOB in US, ICAWE in UK, are all considered as main accounting profession in the world and announced to protect the public interests. However, the recent corporate collapses and accounting scandals, resulted in enormous amount of damages to the public interests, raise the question of the ability of the profession to keep its claim. This study examines the role of pluralistic organization and society on the creating those unethical conditions to cause unethical behavior and therefore to damage the public interests.

The reminder of the paper is structured as follows. The next section examines the relationship between accounting regimes within pluralistic organizations and societies. This is followed by answering the question that have pluralistic societies and organizations diverse

effects on the public interests. Then, accounting (un)ethical behavior and pluralism are investigated by looking the current accounting scandals to consider that does pluralism is a catalyst for unethical behaviors in accounting profession. Finally, it would be essential to know how and by which mechanism accounting regimes should control pluralism to restore the profession reputation, to prevent reoccur the accounting scandals, at the same time increase the public confidence. Case narrative from the current accounting scandals are used as evidences to support the study and the paper concludes by offering several suggestions for future of accounting regimes such as IFAC worldwide, PCAOP in US and POB in UK.

2. Theoretical Framing

We frame our discussion of the notion of accounting regimes and pluralism to see the current situation of accounting profession in the contemporary business environment. We first discuss the current accounting regimes, which are the main regimes in the world, what is their mission and vision about the public interests, and then linked it to the current accounting scandals and unethical behavior of accounting profession and finally to evaluate the accounting profession efficacy to protect the public interests.

2.1. Accounting Regimes and Pluralism

An accounting regime could be defined as a socio-political ideology that eventually concern how to measure, classify, analysis transactions, and how to disclose financial information. [Colwyn Johns and Dugdale \(2001\)](#) defined the concept of accounting regime as a system of governance that operate at two levels: micro and macro. They added, at the *micro* level that operates within an organizational or entity level, the regime govern accounting

methods and policy for measuring and disclosing accounting information which differ from organization to organization or at different industries level. At the *macro* level, an accounting regime could impact on and being influenced by the *economic factors* (e.g. production, distribution and consumption of values), the *social practices* (e.g. culture, religion, customs, etc.) and the *political factors* (e.g. regulation and accountability).

The power of accounting regimes, as per [Colwyn Johns and Dugdale \(2001\)](#) discussion, depends on the strength of *trust-in-systems* that can be affected by pluralism (risks of modern society) and presenting guarantees of the authenticity of its expertise in facing them. This trust varies over the time by reflexive skepticism, in which the accounting profession must keep the trust at the acceptable level of being existence to serve the society. At the moment, accounting regime governing predominately accounting profession in the world is IFAC, a global accounting profession to govern accounting standards globally by the mission of “...serves the public interest and strengthens the accountancy profession...”. About 116 accounting jurisdictionsⁱⁱ in the world adopted the IFRS as well as about 140 accounting jurisdictions support IFRS. Since 19th century, accounting regimes worked at the national level, in which AICPA in US and the Institute of Chartered Accountant of England and Wales (ICAEW) in UK are example of two influential ones. Each of the accounting regimes had different views about usefulness of accounting information and how transactions should be measured and reported.

The main purpose of the accounting regimes is to direct business entities toward providing useful financial information to help users of the information to make effective and efficient decisions. Accounting profession, institutionalized by their accounting regime, supposed to provide mainly audit and consulting services to their clients in good faith. The American Institute of Certified Public Accountants (AICPA), established in 1887, targeted the

purpose in its mission by "*Powering the success of global business,, and specialty credentials by providing the most relevant knowledge, resources and advocacy, and protecting the evolving public interest.*"ⁱⁱⁱ. Also, the International Federation of Accountants (IFAC) strategic plan of 2016 to 2018 confirmed the purpose in its key outcomes as "*Reliable, comparable financial and non-financial information and reporting*"^{iv}. However, this objective could not be achieved without dedicated support of the society from the accounting regime.

Accounting profession performance in pluralistic organizations and societies are not only very difficult to measure but also the profession is under reputation risk for developing and implementing accounting standards for complex transaction (e.g. related-party transactions), sophisticated but yet assorted applications of accounting methods, tough professional exams and striving keeping membership after membership eligibility, harsh disciplinary mentor, and many cross-professional regulations (e.g. business law, taxation law, international business law, local, state and federal rules and regulations).

The pluralistic perspective of the accounting profession should be viewed from two levels: both from the micro and macro levels. These are equally important to legitimize continuing the profession as a social constitution. Pluralistic accounting methods and practices can be observed from accounting theory, knowledge, practices, and methodology in a micro-level to serve a single unit (e.g. a private user or a business) and macro-level (e.g. global standard-setting) being part of national wealth calculations. In fact, accounting regime at macro level presumes to play a socio-political role within society by allocating economic resources at the optimum equilibrium point so that the economic system does not fall within social disorder.

The impact of pluralism on accounting regimes to protect the public interests has not been viewed by the prior research in depth. One reason that accounting regimes shifted from

national (micro) level to the global (macro) level was due to the current pluralistic nature of global business. One of IFAC key outcomes is to *strong accountancy profession by creating confidence in the global financial system and the integrity and efficiency of the markets*. In fact, serving the public interests is equal to *strengthen the accountancy profession* from IFAC viewpoint. However, the IFAC mission to protect the public interests by *providing supporting the development of high-quality international standard, promoting the adoption and implementation of these standard, and speaking out on public interest issues* are all investigable claims. All those historical corporate scandals such as Enron damaged the public interest enormously while the previous accounting regime almost had the same claim at their vision and mission level. The question remained unanswered is; can really IFAC, as the global accounting regime, protect the public interest?

Pluralistic accounting at the micro-level engages accountants in a single business or non-business entity as a focal point of producing reliable information as an in-out agent. Ideally accountants have a duty within the organization to support not only internal but also aggregated needs of the external users of accounting information to achieve their multiple or diverse objectives. One of the critical changes made by SOX section 404 is to watch on effective and efficient internal control system combined with the comprehensive accounting information system by management and auditors. Basically, accountants should be performing all of their duties in compliance with professional codes of conduct while they are monitoring the risks of accounting information. Accountants and AIS perform these responsibilities mainly through designing and implementing optimal internal control systems and by measuring financial elements by choosing relevant and accurate methods and techniques. With regards to these pluralistic and multiphase responsibilities, accounting reports and measurements should

ultimately produce value-added information for various and critical decision-making purposes. Under strategic accounting systems, there should be an elaborate strategic plan as well as an integrated plan to serve pluralistic objectives as integral to organizational structure. While pluralistic forms of organizations are becoming more and more prevalent (Jean-Louis et al., 2007), the organizations are nonetheless expected to achieve the highest levels of professional competency.

From the macro-level perspective, role of the accounting profession emerges as more perplexing in issues such as social welfare, the boosting of the national economy, adopting and implementing International Financial Accounting Standards (IFRS), and in conforming to international accounting patterns, and so on. Basically, accounting information and profession functions eventually should be constructive in term of the national economy. Demand and supply of accounting information as an economic good should theoretically facilitate positive growth in the national economy through advancing an efficient capital market structure as well as act as a sufficient information provider to global users. That is why for decades, the accounting profession has been shifting towards globally accepted accounting practices in form of the IFRSs. Although the UK and USA accounting patterns historically comprised the most influential accounting standards and influenced many other countries' accounting systems during the last century, they are now converging towards adopting IFRS. Required by SEC, US GAAP will be converging into the IFRS by 2016. The UK converged during 2014. This has a significant pluralistic impact on the profession because a paradigmatic shift of this kind in the coming few years will drive consistency towards a globally accepted accounting format. For example, Carmona, and Trombetta (2008) highlight the benefit of using IFRS by comparing the net incomes in two firms in Germany and the United States which had reported a net income of 615

million Deutschmarks (DM) for the 1992 year, which turned into a net loss of DM 1,839 million under US GAAP” (p.455-456). This was a significant discrepancy which could be removed by adopting IFRS. However, developing a single universal GAAP contemplate adopting a pluralistic methodology. The authors contend that the development of acceptable accounting methods in the form of unified accounting standards applicable and appreciated by all countries is in the public interest even with diverse socio-economic, cultural, and political structures in multidimensional circumstances that present pluralism problems.

2.2. Accounting Profession Role at Micro Level

Accounting from micro level or organizational fitness viewed from different perspectives (see Albu *et al.* 2014, Annisette and Trivedi 2013, Cerny *et al.* 2005, Cooper 2005, Everett 2003, Graham and Neu 2003). Current organizations have a pluralistic nature because of business globalization and therefore this increases the business risks dealing with business factors that may be difficult to control. The International Monetary Fund (IMF) defines different aspects for globalization in the form of trade and transaction, capital and investment, migration, and disseminating of knowledge. For Cerny *et al.* (2005) globalization means “... a process of moving towards... a single social, economic, and political space...a borderless world” (p.5) and “a complex interaction of a range of uneven – sometimes even incompatible – trends ... [and] ...is the sum of the wide range of political, economic, and social process of *trans nationalization* and *internationalization* taking place in the world today” (p.6). Globalization as the process of international integration converted the phenomena of business ideas and practice, innovation, technology, products, culture and activities from national and local substance into the international arena.

Globalization evolved under political dialectic at international and domestic crises level; domestic and transnational interests, pressures and shifting coalitions, overloaded governments, resurgence level of the belief that solving domestic problems could only be focused through international – global – economic expansion, to liberalize both domestic and international policy regimes. This is a move to arm's-length regulation, dynamism international markets, and emergence of multilevel global governance (Cerry *et al*, 2005).

Graham and Neu (2003) viewed accounting from globalization perspectives using five flows: capital, people, policies, information, products that would be enough to imply the complexity of all these issues from an accounting framework. From a globalization perception it even could extend issues that Graham and Neu pointed out; e.g. the role of accounting in business and organizational development particularly in developing emerging economics, international accounting settings, global capital markets, etc. (Zhange *et al*, 2012, Hopper *et al*, 2012, Botzem, 2012). The concept of liberalization under the globalization patronage depicted by Anisette and Trivedi (2013) for the special case of immigrant chartered accountants in India to Canada showed how neo-liberalization impacted the accounting profession in Canada firstly “...to an understanding of the tensions contradictions and paradoxes of neoliberal globalization...” and second “...to make sense of the varying fates of skilled labor...” and finally, “to understanding the moral orders underpinning identity inequality and ‘place’ in the context of neoliberal globalization.” (p. 29).

Zhang *et al.*(2012) discussed neoliberalism in China by looking at the practice of fair value accounting which is imbued with assumptions about the state and the market that have little bearing on the realities of Chinese capital markets. Rather than advancing the public interest, as neoliberal theories claim, this accounting change has failed to transform political and

economic power. Instead, it has provided another opportunity to reposition powerful political and economic elites both inside and outside China. This paper argues that the process has reconfigured capital markets in the image of those in advanced capitalist economies, but it is devoid of any regulatory and socio-political apparatus to rationalize its relevance and reliability in the Chinese context.

One relatively new form of business as globalization emerged is the Multinational Enterprise (MNE) as it causes pluralities complex both in accounting practices and business structure. Accounting services to MNEs involve complexities to deal with many ambiguous transactions and measure different financial statements and reports to different users with different expectations and diverse educational, as well as cultural backgrounds. Looking more closely into the issue of pluralistic functions of the accounting profession, the MNE structure has emerged from the traditional top-down pyramidal structure towards highly complex structures that among other issues, must now comply with the new regulations and laws, risk management functions, and financial and economic crises, (Csaszar, 2013).

Accounting as one of every organization's functions, should also be updated with the developing global changes, business ethics and evolving corporate governance approaches (Ostapski and Issacs, 1992). The main responsibilities of the accounting profession are not just to help the external and internal users by providing necessary information to plan, control, and evaluate organizational performance, but for global users as an integral entity in fulfilling corporate social responsibilities transnationally. That refers to a company's social responsibilities with clients, stakeholders and the wider communities that it serves (Trevino and Nelson, 2011, p. 322). It is thus obvious that accountants handle a complex challenge. Companies with integrity nowadays attempt to fulfill their duties to reach the highest level of professional, social and

environmental challenges by adhering to ethical values. In this case, principled accounting information is the core target that should serve as the means to succeed in each of the areas of challenge mentioned above. However, the accounting function has shifted from just measuring the bottom line which is the target of many stockholders. Shifting from neoclassical economic theory of maximizing shareholders' value toward a broader view of the social and environmental corporate responsibilities responds to current demand of contemporary accountability that requires a progressive re-format within organizational structure, (Edwards *et al.*, 2002; Lee and McKenzie, 1994).

2.3. The Public Interest Theory

In the 20th Century, the public interest concept linked to the ethical, political, and economic dimensions of the individual and society choices. John Dewey questioned those tensions that usually could occur between the public and the state in relation to the common interests in a democratic society. Arthur C. Pigou later developed the public interest theory by highlighting the significant role of government regulation in correcting inefficiencies and inequities in the marketplace. This theory viewed the intrusion of government in the marketplace for the benefit of whole society. Later, George Stigler developed regulatory capture theory. This theory deems specific groups and other political participants could shape laws and regulations in their own benefits by using the regulatory and coercive powers of government.

Duncan Black in *The Theory of Committees and Elections* (1958) developed social choice theory, using mathematical techniques, showed how is people choices in elections. Gordon Tullock was famous for supporting public choice theory by developing rent-seeking theory. The

theory hold the idea that large firms through lobbying tries to develop those regulations and legislation that maximums their profit.

There are at least two professional referential sources to justify the concept of “the public interest”: IFAC⁴ and ICAEW⁵. From IFAC POLICY POSITION 5 (2012) view, the practical meaning of public interest is “... the net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy”⁶. IFAC linked this definition to the context of its mission, and related the concept to whole accounting profession. IFAC’s mission to serve the public interest would be in form of producing high-quality international standards and guidance; support public interest issues related to accounting, support strong professional accountancy organizations, and high-quality professional accountant’s practices and values. IFAC perceived the benefit of the public interests from accounting profession in form of:

1. soundness and the comparability of financial and non-financial reporting across borders,
2. fiscal prudence in public expenditures, the contributions that accountants make to corporate governance, efficient resource management, organizational performance.

IFAC elaborated the concept of the public interests by separating initially the concepts of “the public” from “interests” and require to the extent to which actions, decisions, or policies are made in the public interest. “The Public” meaning extend to all people of the society being

⁴ <https://www.ifac.org/system/files/publications/files/PPP%205%20%282%29.pdf>

⁵ <http://www.icaew.com/en/technical/ethics/the-public-interest>

⁶ IFAC web sites provided three documents: IFAC POLICY POSITION 5 report consists of eight pages, a definition at a glance report and Appendix 1 section which is resources and conceptual development.

affected, directly or indirectly, by the accounting profession including those known citizens such as investors, creditors, consumers, suppliers, taxpayers, as well as those seeking sustainable living standards and environmental quality, not only for present but also for the future generations. To protect “the interest” of the group, IFAC believe that two basis assessments should be performed: cost-benefits and process assessment. Both assessments should proportionately be considered in correspond to the size, scope, cultural, and ethical impacts on public policy positions for the profession, evaluating the appropriateness of new regulation, and developing professional standards. The public interests under accounting profession explicitly should focus on quality of financial reporting, professional standards, regulation, and corporate governance; the licensing and oversight of accountants, cross-border mobility of professionals, and market structure reforms; and professional liability reform.

The effect of pluralistic societies and organizations on the public interests from accounting perspectives should unveil those risks related to accounting profession reputations. If pluralism instigates complexity in measuring transactions and disclosing information, and that causes indeed uncontrolled risks for presentation and valuation of accounting elements, then the effect would be positive. Pluralism can be a threat to the public interests if the complexity of business transactions at micro and macro level could not be managed by accounting profession through developing and referring to effective and efficient accounting standards, as well as violating the professional and ethical values by the members of the profession and lack of authoritative monitoring (i.e. SEC, AICPA) of the profession performances. IFRS produces this performance by using the optimal financial information of different companies, industries and countries through a single set of accounting methods and reporting standards to facilitate users from different nations to make beneficial economic decisions at the global level. However, the

accounting profession should drive and support collaborative arrangements, media and systems to enhance accounting methods. For this reason, accounting at macro-level seems to be more of a priority than emphasizing it at micro-level as any damage at the global level would be extended to not just a specific group or organization but many different groups globally.

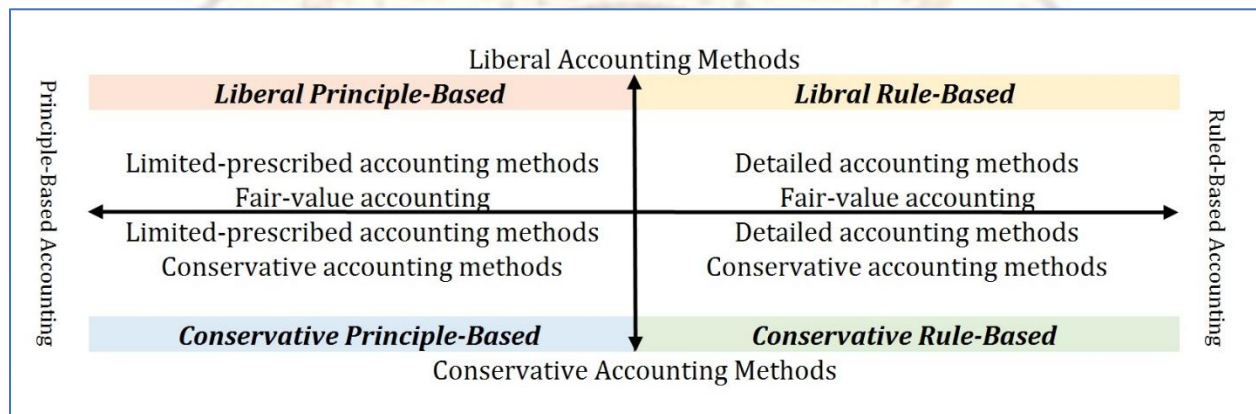
2.4. Accounting Ethics

Accounting profession has committed to serve and protect the public interest as a rule written in their code of ethics (Mitchell et al. 1994; Bivins 1993; Canning and O'Dwyer 2001; Briloff 1986). The public interests are logically safeguard by accounting profession through compliance with the ethical values. The meaning of serving the public interest as critical focal point to the accounting profession yet should be investigated to ethics and the code of ethic (Davenport and Dellaportas, 2009). The complexity of compliance with the code of ethics to protect the public interests in when and under which circumstances the accountant prefer their own interests to their clients or their client interests to the public interests. The complexity of the issue is the accountants' skill interacting cognitive and situational variables to hide the issue from those who are responsible to find, analysis, and report it in favour of the public interests. Davenport and Dellaportas, (2009) showed in their study that accountants have "... a preference to protect the interests of their client or employer in conflicts of interest situation" and concluded that "... lack of commitment to it may threaten the profession's very existence" (p.23).

2.4. Accounting Profession and the Public Interests

We examined accounting regimes from two angles: rule-based (pluralistic nature) and principle-based (less pluralistic). We need to examine accounting measurements from liberalism to conservatism. Figure 1 visualizes the regimes in four zones.

Figure 1. Accounting regimes and their general characteristics



Liberal Rule-based

The accounting regime in this zone is characterized by the freedom to choose between different and detailed accounting methods along with those accounting values based on current values. The liberal viewpoint allows accountants to choose those methods that require their own professional judgment. Initially, liberalism and the accounting profession were commented upon by Lucia *et al.*, (2003). Liberalism as a political philosophy is based on the notions of liberty and equality, and it would therefore seem that rule-based would provide a sound framework from which to analyze a liberal view. According to Bellamy, (2004):

Liberalism ... [is] devoted to promoting a certain pattern of individual development, and ... this model is implausible in modern complex and plural societies [because the] very

complexity of modern societies sustains the liberal account of human agency and flourishing Liberalism and pluralism go hand in hand, therefore liberal political and economic forms foster not only the social diversity [that] pluralism entails, but also the type of person capable of exploiting the opportunities this environment offers. (p.2).

For the accounting approach in current pluralistic organizational frameworks to be in harmony with liberalism it should support the public interest by adding value through allowing accounting methods and measurements to create accurate and reliable accounting information. However, rule-based creates pluralistic accounting alternatives. According to Galston, (2004):

Liberalism requires a robust though rebuttable presumption in favor of individuals and groups leading their lives as they see fit, within a broad range of legitimate variation, in accordance with their own understanding of what gives life meaning and value. I call this presumption the principle of expressive liberty. This principle implies a corresponding presumption (also rebuttable) against external interference with individual and group endeavors. (p. 3).

If it is plausible that accounting is a social phenomenon, can it then be viewed from different social belief such as religion? (McPhail *et al.*2005.) Could it be affiliated with a coherent political regime? If so, it is possible to postulate that the accounting regime should bring prosperity for the public by supporting prototypical methods for measuring transactions and financial reporting? These should not only allow the use of blended methods but also be fitted to different business entities. The profession in a pluralistic-liberal regime should support optimal but detailed accounting methods for measuring transactions and financial reporting that not only allows using diverse methods but it must also accommodate the various needs within different enterprises. Accounting information would then be more relevant in responding to the types of business entities and their specific user needs.

Accounting in a rule-based-liberalism regime harmonizes with those values that encourage a diversity of accounting methods and systems with the aim of reaching optimal measurements and reporting methods for society. As the need for a multiplicity in accounting methods is obvious, the question is whether the accounting measurements and reporting forms can help society achieve liberty and equality by protecting the public interest consistently. Therefore, liberty and equality alongside diversity, together shape accounting in a pluralist-liberal context and this would be a challenge to the profession as state involvement would be less emphatic than professional standards themselves. From this view, the profession endeavors to propose optimal rule-based diverse reporting and measurements in its standards that at the same time allow corporate reporting entities choose specific approaches, yet protect the public interest. However, the most serious challenge in this regime is the problem of diverse accounting methods because wittingly or unwittingly, it enables accountants and managers to damage the public interest when there is conflict of such interest by using those methods that even in their most benign outcomes will not support. Greater global diversity causes greater global complexity and it inevitably makes it excessively difficult for the profession to oversee members' adherence to ethical values.

Conservative Rule-based

The accounting regime in this zone is characterized by freedom to choose between different and detailed accounting methods but this must be done in compliance with accounting values based on conservative methods. Conservatism in accounting has a propensity towards a pessimistic attitude with regard to valuing assets and casts the least favorable impact on a financial statement. On the other hand, liberal accounting measurements have a tendency

towards showing financial elements to current values which in a number of situations appears more favorable. Conservative accounting and valuation is an influential and contemporary research subject, (see Hollister & Shoaf, 2010). Conservative accounting techniques require recognizing all possible losses and liabilities while recognizing revenues and gains are deferred until they can be authenticated with the highest degree of certainty. This generates a bias which Hollister & Shoaf, (2010), investigated in models promulgated by Ohlson (1995) and Feltham and Ohlson (1995). Accounting conservatism is often described as an equilibrium reaction used to moderate a decrease in value resulting from information asymmetry, uncertainty, or private information that occurs between investors and managers (LaFond and Watts, 2008).

Applying conservative accounting methods is against some accounting irregularities such as overstatement of sales revenue from revenue recognition accounting standards viewpoint, and understatement of costs, expenses and losses. Kwok (2005) provide many cases of overstatement for revenue recognition such as a fictitious shipment of goods to dummy customers, phantom sales to legitimate customers, mixed sales inflated and intercompany transfers, premature recording of sales, premature recognition of motor insurance claims etc.⁷ In case of understatement of expenses, costs and losses, Kowk (2005) illustrated cases for discount purchases and a web of related transactions, aggressive capitalization of expenses, many irregularities for capitalization of inventories, intangibles assets, duration of a management contract, misclassification of property developers, useful life of assets, and changes in provision of doubtful debts⁸.

⁷ The author provides many cases of overstatement of sales revenue in the chapter 3 (p.43-62)

⁸ All of the cases are in chapter 4 from pages 63 through 92.

An accounting regime from a pluralistic-conservative perspective aims to prevent the use of those methods that cause overvaluation of revenue and assets by proposing a variety of different conservative accounting measurement methods. This claim may be questioned on several issues. Firstly, there is the assumption that all accounting values be idiosyncratic predilections which undervalue the nature of diversities in the accounting methods. Secondly, the accounting methods will be on a conservative principle-based ground to have a moderate type of measurement of assets, revenues and gains but high recognition of liabilities, expenses and losses to adjust financial reporting information to the users.

Furthermore, ethical conflicts would be more moderate than under a liberal rule-based regime with the result that those threats would be reduced for accountants and managers. This implies fewer complications and there would be less conflict between objective accounting reporting, values and types of analysis. From this viewpoint, the public interest is better protected and thus the balance between professional authority and the public interest is achieved. This regime also removes the critique of the conservative principle of accounting by eliminating constraints to the presentations and measurements of relevant and reliable accounting data by allowing accountants to choose desirable methods.

Conservative Principle-based

The accounting regime in this zone is characterized by limited accounting methods in compliance with accounting values based on conservative methods. Principle-based is a methodology that has often argued that the variety of detailed methods would be more meaningful if they were to be joined into acceptable principles. This issue is relevant to the current global trend of having only a single set of globally accepted accounting standards which

is known as IFRS. Thus, the current developing IFRS is consistent with the principle-based approach to focus on reducing the variety of different methods, into a single substance common to all countries. Different accounting standards developed in many different countries are now to be unified into a single set of accounting standards which in reality encourages a coherent set of standards. Agreement in this form is to have unified accounting policies and methods applicable by all nations as today's business environment is moving toward globalization. The agreement results in having consistency, or at least producing fewer contradictory techniques, conveyed in accounting standards in which every country could use them for the purpose of efficiently calculating capital markets. Convergence towards a single national accounting standard by developing IFRS is a process which is consistent with protecting public interests.

A conceptual framework of accounting from a monistic-liberal perspective provides accountants with the liberty of choosing from restricted standards and techniques in the form of rule-based accounting. However, between choosing conventional or optimal accounting methods used to protect the public interest, accounting measurement and reporting techniques incline toward modest approaches, those required to produce financial reports in real values. But it has to be recognized that whilst developing a single set of globally accepted accounting policies and methods is consistent with the principle-based view, the process of developing them consistent with the development of accounting standard-setting that is universally acceptable. That is, those countries with many divergent approaches and differences in the realms of their social, economic and cultural environments, and with unique values and norms, will need to adjust, and be capable of deploying a single set of unified accounting policies. This will be required to develop their present accounting standards to overcome differences that they experience now. Accounting

practice in such a regime needs to set this out as a straightforward, solid, and vital objective in order to ensure merit reporting.

On the other hand, the idea of principle-based accounting at the macro-level places an emphasis on its role for taking care of the national economy - not just for a single type of user, company, profit or not-profit oriented organization, nor merely for specific industries. At that level, different organizations have to satisfy not just their own particular objectives but also to be positively in compliance with national economic goals. Profit-oriented organizations can be viewed as principle-based organizations that have limited goals. The idea of protecting the public interest rooted in the subject of ethical issues related to accountants and managers in this view envisages fewer and less complicated ethical dilemmas and so it represents a not-unreasonable risk level. Selecting from those optimal accounting standards includes protecting the public interest because ethical issues remain at moderate levels.

If accounting techniques and methods were to be used to produce accounting information as an economic good to add value to the social beneficial and applicable for majority of user's groups, then the profession's social responsibility would be less in danger of gaining a bad reputation. But it could become well-known as a social institution for promoting social welfare. The profession develops those restricted conservative accounting techniques for the maximization of social well-being not just for measuring values according to accounting or finance principle customs itself. In other words, the social benefits of developing those accounting methods should be at the higher degree of importance than the social costs with an emphasis on the *aggregated social benefits*, than benefits for just *specific users*.

Accounting standards are rule-based but the only rules applicable are the ones which serve conservative accounting procedures. This view of accounting is close to socialist

accounting characterized by the state or governmental institutions' influential manner and is implemented to enhance the social responsibility of enterprises. In short, the accounting profession under this regime utilizes a single set of conservative accounting measurements and reporting methods are developed to conform to the rules and regulations endorsed by local, national or even a global framework.

Ethical issues of accounting techniques under this regime are supposed to be less complicated than other regimes and managers cannot maneuver accounting methods to produce their desired results to protect their own self-interest at the expense of the public interest. In other word, those dismal earning management techniques should be minimized to very low levels. Thus, incidents of low critical ethical propensity are predictable but the public interest is potentially well protected in contrast to methods pertaining to the other domains. Still, the most difficult challenge in using this system is making decisions about the accounting procedures to deploy, which on the one hand must be able to cover today's complicated business transactions, as well as to minimize any potential ethical dilemmas in order to protect the public interest.

Labral principle-based

The accounting regime in this zone is characterized by limited accounting methods yet to be in compliance with accounting values based on current methods. To adhere to current accounting and reporting methods that emphasize updating and revising accounting approaches. It recognizes financial statements' elements especially under circumstances of high uncertainty to measure them under a lower degree of verification. Professional accounting bodies have limited powers to enforce diverse and complex rules and regulations but should choose those methods that are in agreement with optimal and cutting-edge methods. In this view, accounting

measurements may apply selective but diverse methods yet they are selected from current and innovative techniques. Under this system, all possible gains and losses will be recognized and reported as soon as they are discovered to the users at the earliest time, and revenues and expenses are at the current recognizable amount. Financial reporting or presentations should use a unified or harmonized format to serve a comprehensive user-scheme as nearly all users have largely similar financial reporting requirements. Thus, accountants' recommendations in applying current accounting techniques should be gradually developed to achieve a systems model that will capture the majority of users.

This is the second best accounting regime to protect the public interest if the accounting measurements are formulated to prevent the valuation of accounting elements (assets, liabilities, revenue and gain as well as expense and losses) to the ethical dangers of over- or under-stating.

3. Cases

Since 1976, about 45 accounting scandals occurred in US in which eight two per cent (37 cases) of the scandals happened before SOX 2002 issued and implemented⁹. This decline in accounting scandals in US could be as a result of legislative oversight supervisory of PCAOB and SEC. After 2002, the accounting scandals are spread around the world in countries such as Canada, Japan, Italy, India, and Ireland.

⁹ By looking at and analyzing the list of accounting scandals from wiki web site mentioned in note 2.

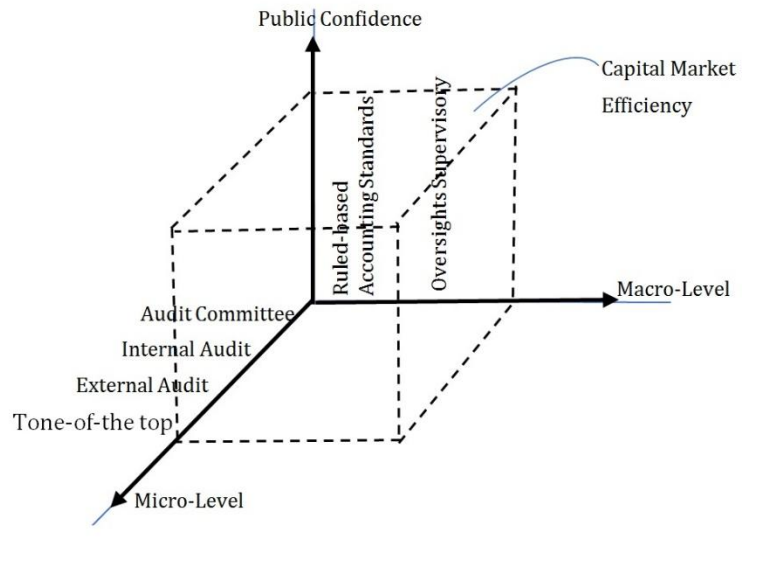


Figure 2 shows three factors to increase the capital market efficiency: Micro-level, Macro-level and the public confidence. At the micro-level which is at the organizational level, pluralism could negatively affect the public interests and confidence through weak internal external auditors' performance, nothing of weak tone-of-the-top climate, and weak audit committee performances.

Unethical accountants' behavior in different forms of fraud damaged the public interests. The forms occurred through intentional manipulation, falsification, alteration of accounting records, and intentional misapplication of accounting principles to manipulate the financial information contained in financial statements. The damage would at micro and macro level. At the micro level, the result of the unethical behavior damage at the organization level in form of puny internal and external auditor performances, weak internal control systems, and at the macro level, the damage affect the investors at the public interests. In this section, we review four accounting scandals occurred after 2012

Table 1. Accounting Scandals after SOX 2002

Company	Year	Audit Firm	Country	Notes
Royal Ahold	2003	Deloitte & Touche	US	Inflating promotional allowances
Parmalat	2003	Grant Thornton SpA	Italy	Falsified accounting documents, Calisto Tanzi
HealthSouth Corporation	2003	Ernst & Young	US	Richard M. Scrushy
Nortel	2003	Deloitte & Touche	Canada	Distributed ill-advised corporate bonuses to top 43 managers
Chiquita Brands International	2004	Ernst & Young	US	Illegal payments
AIG	2004	PWC	US	Accounting of structured financial deals
Bernard L. Madoff Investment Securities LLC	2008	Friehling & Horowitz	US	Massive Ponzi scheme.[60]
Anglo Irish Bank	2008	Ernst & Young	Ireland	Anglo Irish Bank hidden loans controversy
Satyam Computer Services	2009	PWC	India	Falsified accounts
Biovail	2009		Canada	False Statements
Taylor, Bean & Whitaker	2009	PWC	US	Fraudulent spending
Monsanto	2009	Deloitte	US	Improper accounting for incentive rebates
Kinross Gold	2010	KPMG	Canada	Overstated asset values
Lehman Brothers	2010	Ernst & Young	US	Failure to disclose Repo 105 transactions to investors
Sino-Forest Corporation	2011	Ernst & Young	Canada-China	ponzi scheme, falsifying assets
Olympus Corporation	2011	Ernst & Young	Japan	tobashi using acquisitions
Autonomy Corporation	2012	Deloitte & Touche	US	Subsidiary of HP.
Penn West Exploration	2012	KPMG	Canada	Overstated profits
Toshiba	2015	Ernst & Young	Japan	Overstated profits
Valeant Pharmaceuticals	2015	PWC	Canada	Overstated revenues

3.1. Toshiba (Japan)

Toshiba Corporation history backed in Japan to 1875. The company boomed with high growth in the late 1950s after Japan ended world-wide war II. Toshiba exported its products to foreign markets during this period and continued to expand its businesses across the globe during the following decades. As of 2015, its business units operates on a worldwide scale in a variety of different industries, including semiconductors, personal electronics, infrastructure, home appliances and medical equipment. The CEO of Toshiba, a Japanese Multinational Corporation, resigned in July 2015 due to \$1.38 billion accounting scandal. As a consequent of the accounting scandal and inability to pay dividend that had been declared earlier, the company's stock prices declined by 38 per cent. The head of EY in Japan resigned for being accused by regulators of

failing to spot signs of the accounting scandal (Inagaki, 2015). EY failed to exercise due care through audit its clients' books with a "critical viewpoint" and thus signing off on the fraudulent financial statements.

The audit firm members fail to pursue and investigate abnormal sales figures of Toshiba personal computers discovered using analytical procedures techniques. EY would not be anymore the audit firm of Toshiba. "EY said it would work closely with the Japanese affiliate to restore trust." (Ibid, p.12). "After the scandal, Toshiba overhauled its board, reducing its size to 10 members, and appointing six independent outside directors including former presidents from Asahi Breweries, Mitsubishi Chemical and Shiseido" (Inagaki and Lewis, 2017, p.13).

Toshiba accounting scandal tied to about \$1.2 billion in overstated operating profits. Details of the scandal report describing the accounting improprieties in detail was found to have taken place over the course of seven years, embroiling two former CEOs. The CEOs did not directly instruct anyone to cook the books but rather placed immense pressure on subordinates and waited for the corporate culture to turn out the results they wanted. By end of March, 2015 reported net sales was more than \$63 billion by employing more than 200,000 people worldwide. The global financial crisis started since 2008 caused heavy reduction in Toshiba's profitability became as an origin of applying inappropriate accounting practices related to overstated profits. Three CEOs (Nishida, Sasaki and Tanaka) involved with this scandal. The inappropriate accounting techniques employed at Toshiba including recognizing profits early, pushing back losses and expenses resulted in overstated profits. The accounting scandal was integrated with weak internal control system, and poor corporate culture.

3.2. Penn West Petroleum (Canada)

According to the American lawyers co-leading a New York class-action lawsuit, the accounting scandal deteriorating financial performance affected the share prices of Penn West Petroleum, the Calgary-based intermediate oil and gas producer, in the summer of 2014 resulted in payouts of \$53 million, even with the poor financial health, to be split evenly between Canadian and U.S. investors. “It was a disappointment — that was the biggest reaction,” said Jeremy McCrea, an analyst at Calgary-based AltaCorp Capital Inc. “On the one hand you had operations that seemed to be improving in a big way and the turnaround seemed real, but now you have the accounting restatements that puts a lot of doubt into potentially how widespread this is throughout the company.”¹⁰

Both the U.S. and Canadian class-action suits were designed to compensate shareholders who watched their Penn West stock plummet 14 per cent on July 30, 2014, to \$8.57, the day after it announced it would restate its financial reports for 2012, 2013 and the first quarter of 2014. By Aug. 18, 2014, the shares were trading at \$7.69. The accounting scandals were about two subjects. First, the company restated its 2012 net income by \$24 million, or 16 per cent, but increased its 2013 net income by \$29 million, or three per cent. The result in the first quarter 2014 net income increased by \$7 million, or seven per cent. Second, the company incorrectly classified some expenses as property, plant and equipment costs instead of operating expenses, while others were incorrectly classified as royalties instead of operating expenses. The company reaction to the scandals was to increase oversight and training of its finance and accounting staff to ensure such errors would not happen again.

¹⁰ Hussain, Y. (2014) source: <http://business.financialpost.com/news/energy/penn-west-petroleum-ltd-investigates-accounting-irregularities-that-stretch-back-four-years>

The company noted that “senior finance and accounting personnel believed responsible for the adoption and use of these practices have ceased to be employed by the company.” Boston-based law firm Block & Leviton LLP said it “is investigating the company and certain of its officers and directors to determine how widespread any potential accounting violations extend and whether any insiders at the company personally profited by the alleged accounting improprieties.”

3.3. Olympus (Japan)

Six banks in Japan sued Olympus Corporation, the Japanese camera and endoscope maker, for a total of 27.9 billion yen (\$273 million) in damages, due to accounting fraud. The scandal including Olympus officials involved with a series of questionable purchases during 2006, totaling \$1.6 billion, none of which had been adequately reported in the company’s consolidated financial statements. Sums of the transaction were not even clearly identified in Olympus’s books. The accounting firm PricewaterhouseCoopers suppose to conduct an independent audit of the suspicious transactions. The company cut its net assets by \$1.3 billion in 2011 after admitting it tried to conceal past losses by inflating fees to advisers and overpaying for takeovers¹¹.

“By the start of this decade, Olympus was in trouble. The surgical equipment businesses that Woodford presided over were still performing spectacularly, having held steady at about \$3.9 billion a year in sales from 2008 to 2010, generating more than \$800 million a year in profit. The problem was the camera business. Smartphones eroded the company’s once-dominant

¹¹ <https://www.bloomberg.com/news/articles/2014-04-09/olympus-sued-for-273-million-after-13-year-fraud>

point-and-shoot digital camera business, and lackluster marketing failed to get its genuinely innovative engineering noticed by consumers. Net sales in the company's Micro-Imaging Systems unit, which included cameras, fell from \$3.3 billion in 2008 to \$1.9 billion in 2010, generating operating income of just \$37 million. The company's total operating income declined from about \$1 billion in 2008 to about \$600 million in 2010"¹².

5. Conclusion

This paper has reviewed the role of the accounting regimes and ethics in current pluralistic society and organization on the public interests. Our focus was on how public confidence and capital market efficiency are influenced by micro and macro-level of current pluralistic globalization (figure 1) and how (un)ethical accountants' behavior works like a catalyst to expand pluralism in form of globalization. Globalization and pluralistic business environments seem to be cause and effect of damages to the public interests, accounting reputation and ongoing changes requiring accounting regimes to reflect through updated accounting rules, regulation and standards. The IFAC, the current major accounting regime globally, needs to respond to this trend and thus, should address to reduce risk-related issues in pluralistic organizations (micro level) and societies (macro level). This paper examined the characteristics of a conceptual accounting environment in four different socio-political regimes by justifying the protection of the public interest by reducing ethical risk.

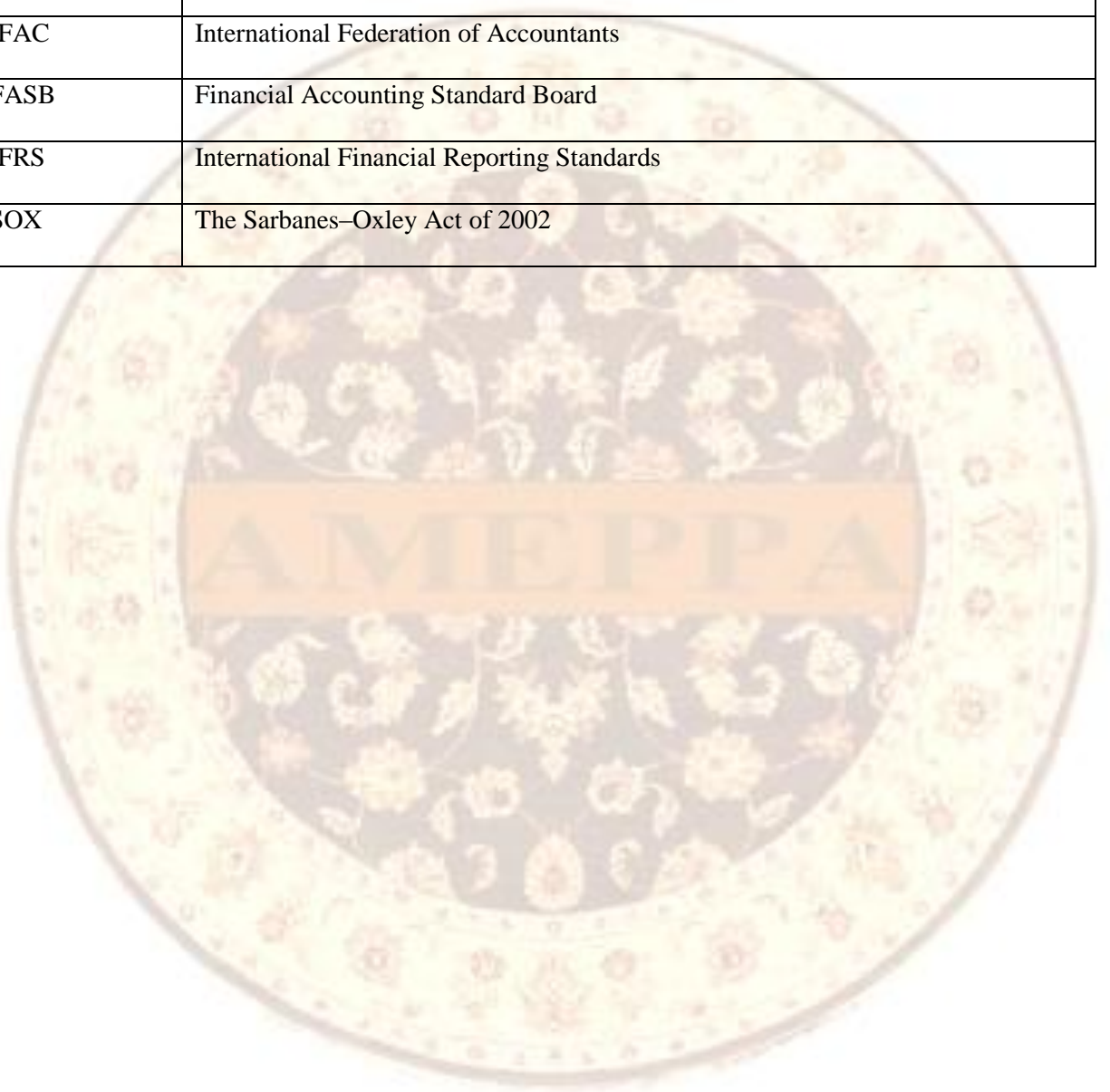
¹² Source:<https://www.bloomberg.com/news/articles/2012-02-16/the-story-behind-the-olympus-scandal>

This paper inspires IASC to consider the discussion for the forthcoming IFRSs towards rule-based accounting standards-setting, the method of accounting measurement toward conservatism. Conservative rule-based accounting methods will help managers and auditors reduce crucially risk of irrelevant and not reliable financial information. By reviewing the cases of Toshiba and Penn West Petroleum as well as many other accounting scandal occurred after 2012, many cases involved with overstated sales and profits. Since passing SOX (2002) and establishing PCAOB, the number of accounting scandals in US decreased dramatically as per the Table 1 shows. However, the number of accounting scandals in other countries have amplified. This could be as a result of IFRS using principle-based method in developing accounting standards. As a result, IFAC should concentrate on quality accounting standards related to revenue recognition to be more rule-based with more details descriptions and explanation to be applied by accountants. Most of companies' problem when it comes to a scandal or collapse would be about sale generation.

The conservative rule-based accounting restricts selecting and applying accounting techniques and procedures that may otherwise have the potential to manipulate financial information. The information will certainly increase the public trust in the use of such information and in this way the protection of the public interest is better safeguarded. Barth *et al.* (2012) examined the extent to which the application of IFRS by non-US firms are comparable to those US firms where they use US GAAP. The finding showed US's firms' rule-based accounting generally had higher value methods than those of firm using IFRS.

Appendix: List of Abbreviations

AICPA	The American Institute of CPAs
PCAOB	Public Company Accounting Oversight Board
IFAC	International Federation of Accountants
FASB	Financial Accounting Standard Board
IFRS	International Financial Reporting Standards
SOX	The Sarbanes–Oxley Act of 2002



References

- AlHashim, D. D. (2002), "The accounting crisis as a result of the Enron case, and its implications on the U.S. accounting profession," *Journal of American Academy of Business, Cambridge*, 2(1), 210-214.
- Annisette, M. and Trivedi, V. U. (2013) "Globalization, paradox and the (un)making of identities: Immigrant Chartered Accountants of India in Canada" *Accounting, Organizations and Society*, 38: 1-29
- Arter, D., & Russell, J. P. (2003), "Ethics, auditing and Enron," *Quality Progress*, 36(10), 34-40.
- Barth, M. E, Landsman, W. R., Lang, M., Williams, C. (2012), "Are IFRS-based and US GAAP-based accounting amounts comparable?" *Journal of Accounting and Economics*, 54, 68-93.
- Barefoot, J. A. S. (2002), "What can you learn from Enron?" *American Bankers Association, ABA Banking Journal*, 94(8), 49-51.
- Bellamy, R., (2004), "*Liberalism and Pluralism: Towards a Politics of Compromise*," Routledge, UK.
- Bivins, T. H. (1993). Public relations, professionalism, and the public interest. *Journal of Business Ethics*, 12(2), 117.
- Briloff, A.J. (1986), "Accountancy and the public interest", *Advances in Public Interest Accounting*, Vol. 1, Jai Press, Greenwich, CT, pp. 1-14.
- Buckley, J.W. & McDonough, J.J. (1972), "Accounting as a pluralistic profession in practice and education", *The CPA Journal (pre-1986)*, 42(11), 923-928.
- Botzem, S. (2012). *The Politics of Accounting Regulation Organizing Transnational Standard Setting in Financial Reporting*: Cheltenham : Edward Elgar Publishing.
- Carmona, S., & Trombetta, M. (2008), "On the global acceptance of IAS/IFRS accounting standards: The logic and implications of the principles-based system," *Journal of Accounting and Public Policy*, 26, 455-461.
- Campbell, T., & Houghton, K. (2005). *Ethics and Auditing* (K. Houghton Ed.). Canberra: Australian National University (ANU).
- Cerny, P. G., Menz, G., & Soederberg, S. (2005). Different Roads to Globalization: Neoliberalism, the Competition State, and Politics in a More Open World *International Globalization: The Rise of*

- Neoliberalism and the Decline of National Varieties of Capitalism* (1-30). New York: Palgrave Macmillan.
- Chakarun, M (2002), "The Sarbanes-Oxley Act of 2002", *The National Public Accountant*, 6-9.
- Conroy, S. J., & Emerson, T. L. N. (2006), "Changing ethical attitudes: The case of the Enron and ImClone scandals," *Social Science Quarterly*, 87(2), 395-410.
- Cooper, C. (2005),"Accounting for the public interest: public ineffectual or public intellectuals?" *Accounting, Auditing & Accountability Journal*, 18 (5), 592 – 607
- Csazar, F.A., (2013), "An Efficient Frontier in Organization Design: Organizational Structure as a Determinant of Exploration and Exploitation," *Organization Science*, 24(4), 1083-1101.
- Canning, M., & O'Dwyer, B. (2003). A critique of the descriptive power of the private interest model of professional accounting ethics : An examination over time in the Irish context. *Accounting, Auditing and Accountability Journal*, 16(2), 159-185.
- Davenport, L., & Dellaportas, S. (2009). Interpreting the public interest: A survey of professional accountants. *Australian Accounting Review*, 19(1), 11-23.
- Edwards, P., Birkin F K., and Woodward D G. (2002), "Financial Comparability and Environmental Diversity; An International Context," *Business Strategy and the Environment*, 11(6), 343-359.
- Everett, J. (2003) "Globalization and Its New Spaces for (Alternative) Accounting Research", *Accounting Forum*, 27, 400-24.
- Feltham, G. A. and Ohlson, J.A. (1995), "Valuation and clean surplus accounting for operating and financial activities," *Contemporary Accounting Research*, 11(2), 689-731.
- Graham, C. and Neu, D. (2003) "Accounting for Globalization" *Accounting Forum*, 27, 449-71.
- Haldeman, R G (2006), "Fact, fiction, and fair value accounting at Enron", *The CPA Journal*, 76(11), 14-21.
- Hollister, J. & Shoaf, V. (2010), "An International Investigation of Conservative Bias and Accounting Practices", *The International Business & Economics Research Journal*, 9(7), 91-105.
- Hopper, T., Tsamenyi, M., Uddin, S., & Wickramasinghe, D. (2012). Introduction: accounting and development. In T. M. Hopper, M. Tsamenyi & S. Uddin (Eds.), *Handbook of Accounting and*

- Development (1-14): Cheltenham : Edward Elgar Publishing.
- Hoque, Z., Covaleski, M. A., Gooneratne, T. N. (2013), "Theoretical triangulation and pluralism in research methods in organizational and accounting research," *Accounting, Auditing & Accountability Journal*, 26(7), 1170-1198.
- Hoyk, R. and Hersey, P. (2009), *The Ethical Executive*, Kogan Page.
- Kerry, J. (2012), "Making Sense of Social Practice: Theoretical Pluralism in Public Sector Accounting Research," *Financial Accountability & Management*, 28(1), 1-25.
- Kerry, J. (2004), "The sacred and the secular: examining the role of accounting in the religious context", *Accounting, Auditing & Accountability Journal*, 18(2), 189-210.
- Inagaki, K. (2015, Dec 23). EY's japan chief quits after toshiba audit fine. *Financial Times*. p. 12.
- Inagaki, K., & Lewis, L. (2017, Mar 28). Toshiba's governance and culture in spotlight. *Financial Times*. p.13
- Jean-Louis D. Lamothe, L. & Langley, A. (2001), "The dynamics of collective leadership and strategic change in pluralistic organizations", *Academy of Management Journal*, 44(4), 809-837.
- Jean-Louis D., Langley, A. & Rouleau, L. 2007, "Strategizing in pluralistic contexts: Rethinking theoretical frames", *Human Relations*, 60, (1), 179-215.
- Jeltje van, D.M. & Vosselman, E. (2012), "Research paradigms, theoretical pluralism and the practical relevance of management accounting knowledge", *Qualitative Research in Accounting and Management*, 9(3), 245-264.
- Jeri, M. B., & Kathy, L. D. (2007), "Legislated ethics or ethics education? Faculty views in the post-Enron era," *Journal of Business Ethics*, 71(1), 15-37.
- Joscelyne, G.J. (1998), "Accounting and auditing in developing countries", *The Auditor's Report*, 21(2), 17-18.
- Katsoris, C. N. (2002), "Panel discussion: Enron: What went wrong? *Fordham Journal of Corporate & Financial Law*, 8, S1-S46.
- Kwok, B. K. B. (2005). *Accounting Irregularities in Financial Statements*: Gower Publishing

Company.

- Lee, D.R. and McKenzie, R.B., (1994), "Corporate failure as a means to corporate responsibility", *Journal of Business Ethics*, 13(12), 969.
- Lowell, C. H, (2002), "Sarbanes-Oxley Act of 2002," *Journal of International Taxation*, 13(12), 6-9.
- Lucia, L.R., Gomes, D. & Russell, C. (2003), "Corporatism, liberalism and the accounting profession in Portugal since 1755", *The Accounting Historians Journal*, 30(1), 95-128.
- Menz, G and Cerny, P.G, (Eds) *Internalizing Globalization: The rise of Neoliberalism and the Decline of National Varieties of Capitalism* Palgrave MacMillan, New York, 1-30.
- Mitchell, A., Puxty, T., Sikka, P., & Willmott, H. (1994). Ethical statements as smokescreens for sectional interests: *Journal of Business Ethics*, 13(1), 39.
- Mintz, S.M., (2010), "Implementation Concerns about IFRS Adoption in the US," *Journal of International Business Education*, 5, 97-115.
- Neu, D. and Graham, C. (2005), "Editorial: Accounting research and the public interest", *Accounting, Auditing & Accountability Journal*, 18(5), 585-591.
- Ohlson, J. A. (1995), "Earnings, book values, and dividends in equity valuation", *Contemporary Accounting Research*, .11(2), 661-687.
- Ostapski, S.A. and Isaacs, C.N., (1992), "Corporate Moral Responsibility and the Moral Audit: Challenges for Refuse Relief Inc." *Journal of Business Ethics*, 11(3), 231-242.
- Petrick, J. A., & Scherer, R. F. (2003), "The Enron scandal and the neglect of management integrity capacity," *Mid - American Journal of Business*, 18(1), 37-49.
- Richardson, K. A. (2011). Complexity and Management: A Pluralistic View. In P. Allen, S. Maguire & B. McKelvey (Eds.), *The SAGE Handbook of Complexity and Management* (365-381): SAGE Publications Ltd.
- Roth, J. (2007), "Myth vs. Reality: Sarbanes-Oxley and ERM", *The Internal Auditor*, 64(2), 55-68.
- Sims, R. R., & Brinkmann, J. (2003), "Enron ethics (or: Culture matters more than codes)," *Journal of Business Ethics*, 45(3), 243-256.
- Stephanicic, M. (2009), "A new framework for the analysis of contemporary financial markets: The need

for pluralistic approaches,” *The Journal of Philosophical Economics*, 3(1), 90-107.

Trevino, L. and Nelson, K. (2011), *Managing Business Ethics*, (5th Ed.), Wiley.

Veli, D.K. (2008), "An overall view of knowledge management challenges for global business," *Business Process Management Journal*, 14(3), 390-400.

Zhang Y, Andrew J, Rudkin K, (2012) "Accounting as an instrument of neoliberalisation?: Exploring the adoption of fair value accounting in China", *Accounting, Auditing & Accountability Journal*, 25(8), 1266 - 1289

ⁱ Ibid.

ⁱⁱ See: <http://www.ifrs.org/Use-around-the-world/Documents/Financial-Reporting-Standards-World-Economy-June-2015.pdf>

ⁱⁱⁱ Look at: <http://www.aicpa.org/about/missionandhistory/pages/default.aspx>

^{iv} <http://www.ifac.org/publications-resources/ifac-strategic-plan-2016-2018>