

Institution: University of Glasgow (UofG)		
Unit of Assessment: UoA 17 Business and Management Studies		
Title of case study: Restoring public trust in the accountancy profession through education and ethics research		
Period when the underpinning research was undertaken: 2012–2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): (1) Catriona Paisey (2) Betty Wu (3) Ioannis Tsalavoutas	Role(s) (e.g. job title): (1) Professor in Accounting (2) Lecturer in Accounting and Finance (3) Professor	Period(s) employed by submitting HEI: (1) 2012–present (2) 2012–present (3) 2015–present
Period when the claimed impact occurred: 2014–2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact		
<p>Paisey's research seeks to understand what it means to be an accounting professional at a time of increased public scrutiny and higher ethical expectations. Evidence based upon her research has (i) informed revisions to an International Educational Standard and a resultant policy shift to ensure that the Continuing Professional Development of almost 3 million accountants worldwide legitimises the profession's claim to serve the public interest. Through engagement with the Institute of Chartered Accountants of Scotland (ICAS), Paisey's research has (ii) underpinned changes to ICAS policy and practice via bold new ethics guidance for its 23,000 members, which supports speaking up and whistleblowing. In turn, this has (iii) influenced the wider business community (e.g. by informing ethics policy within PwC, the UK's largest professional services firm). These constitute significant impacts on ethical culture and maintaining public trust.</p>		
2. Underpinning research		
2.1. Context		
<p>Historically, professional accountancy bodies have stressed competence, ethical practices and serving the public interest as constituents of their professional status. However, the financial scandals of the early twenty-first century resulted in widespread mistrust of the profession. Paisey's research has investigated the responses of professional accountancy bodies to serving the public interest through enhanced Continuing Professional Development (CPD) and processes to ensure that they remain appropriately skilled and grounded in an ethical culture in which member integrity is seen to transcend all other business objectives.</p>		
2.2. Education research		
<p>Paisey's research into the development of the accounting professional [3.1, 3.2] has a key focus on education at all stages from school, through university, to initial professional development and CPD. Having identified a gap in the CPD literature, she has published in this area since 1996, most recently publishing two outputs with N. Paisey (Emeritus Professor, Heriot-Watt University) [3.3, 3.4]. Based upon an analysis of the CPD policies of twelve professional accountancy bodies, a key finding is the need for accounting CPD to relate to all accountants who are members of professional bodies. While medicine and law have clear definitions of a professional practitioner and the scope of professional work, the accountancy profession lacks such a precise definition. Thus professional accountancy bodies retain many members whose current work is diverse and not necessarily related to accountancy, even if defined broadly.</p> <p>A key concern identified is that some influential professional bodies only require CPD to relate to their members' current roles, rather than to accountancy itself. This results in professionally qualified members satisfying their requirement by undertaking CPD that develops competence in roles that may be devoid of accounting content. This is not the intention behind mandatory CPD, nor is it sufficient to assure the public interest claims on which the accountancy profession is based. On the other hand, making every member undertake narrowly defined CPD would result in many members undertaking CPD that is relevant to their profession but not to their role, which may not be acceptable to them. The research [3.3, 3.4] concludes that more effective CPD is therefore needed, including accounting rather than solely role-related material, since if a professional accountant does not act competently in whatever capacity, that could reflect</p>		

negatively on the profession and themselves, with consequences for wider society and the public.

2.3. Ethics research

Paisey's research (with N. Paisey and I. Tsalavoutas) has focused on the ethical dilemmas faced by chartered accountants, including how they handle them and the support they receive. The first stage of the research [3.5] consisted of a review of academic literature on speaking up, listening up, and whistleblowing, ethics and organisational culture, followed by a questionnaire survey of Institute of Chartered Accountants of Scotland (ICAS) members building on the literature review. For the second stage [3.6], 48 interviews were conducted, primarily with ICAS members, to gain a deeper understanding of interviewees' real-life ethical dilemmas and actions, and in particular their speak up, listen up and whistleblowing responses to those dilemmas.

The principal findings and insights from this research have been that while whistleblowing policies are commonplace in the larger firms, they are rare in smaller firms, pointing to a need for more widespread usage. The first monograph [3.5] also shows that younger members are less likely to claim to have encountered ethical dilemmas or to have spoken up. The second monograph [3.6] confirms the need for a more listening-focused approach and shows that chartered accountants encounter very significant ethical dilemmas much more frequently than previous research had indicated. The report concludes that there is a need for more widespread use of speak up/whistleblowing policies and support for chartered accountants who face ethical dilemmas, including enhanced networking and ethical mentoring arrangements.

3. References to the research

- 3.1 Paisey, C. and Paisey, N. J. (2017) [The decline of the professionally-qualified accounting academic: recruitment into the accounting academic community](#). *Accounting Forum*, 41(2), pp. 57-76. (doi: [10.1016/j.accfor.2017.02.001](#))
- 3.2 Paisey, C. , Paisey, N. , Tarbert, H. and Wu, B. (H.T.) (2020) [Deprivation, social class and social mobility at Big Four and non-Big Four firms](#). *Accounting and Business Research*, 50(1), pp. 61-109. (doi: [10.1080/00014788.2019.1647127](#))
- 3.3 Paisey, C. and Paisey, N. J. (2020) [Protecting the public interest? Continuing professional development policies and role-profession conflict in accountancy](#). *Critical Perspectives on Accounting*, 67-68, 102040. (doi: [10.1016/j.cpa.2018.04.002](#))
- 3.4 Paisey, C. and Paisey, N. J. (2014) [The state of professional education and training](#). In: Wilson, R. M.S. (ed.) *The Routledge Companion to Accounting Education*. Series: Routledge Companions in Business, Management and Accounting. Routledge: Abingdon, pp. 673-696. ISBN 9780415697330 [Available on request from HEI]
- 3.5 Paisey C, Paisey N J and Tsalavoutas, I (2019) [Speak up? Listen up? Whistleblow? A Survey of ICAS members](#). Edinburgh: The Institute of Chartered Accountants of Scotland. Refereed research monograph
- 3.6 Paisey, C. (2019) [Speak up? Listen up? Whistleblow? In Their Own Words – Insights into the Ethical Dilemmas of ICAS Members](#). Edinburgh: The Institute of Chartered Accountants of Scotland. Refereed research monograph

The research meets the 2* quality threshold because outputs [3.1], [3.2] and [3.3] are published in international double-blind peer-reviewed accounting journals. Output [3.4] is a chapter in an edited book from a high-reputation academic publisher. Outputs [3.5] and [3.6] are peer-reviewed research monographs published by an accountancy professional institute.

4. Details of the impact

4.1. Pathways to impact

Paisey's research into the accountancy profession has enhanced our understanding of the role of the profession at the beginning of the twenty-first century. Through direct engagement with international organisations and standard-setting boards, it has contributed directly to the worldwide restoration of public trust in the profession by shaping international education and ethics policies and practice, as outlined below:

4.2. Impact on international education

The International Federation of Accountants (IFAC) comprises more than 170 accountancy bodies in over 130 countries, representing almost 3 million accountants worldwide. Its purpose is to serve the public interest by enhancing the relevance, reputation, and value of the global accountancy profession. Paisey's work has informed the work of two IFAC standard-setting boards, the International Accounting Education Standards Board (IAESB) and the International Ethics Standards Board for Accountants (IESBA). The IAESB established a range of International Accounting Standards in professional accounting education, including the mandating of CPD for all members of accountancy bodies that are members of IFAC since International Education Standard 7 (IES7) *Continuing Professional Development* became effective in 2006. All IFAC member bodies are obliged to adopt and implement these standards.

Paisey's research underpinned a significant shift in policy in IES7 to ensure that CPD continues to legitimise the profession's claim to serve the public interest. In August 2017, evidence from the research was submitted to the IAESB [5A]. It proposed changes to two aspects of the IES7 exposure draft: First, Paisey's submission argued that accountants whose role was no longer within accounting should nevertheless be required, on the basis of the research findings, to undertake CPD related to the field of accounting. Second, Paisey questioned the focus on planned CPD, proposing that unplanned but relevant activities should also be included.

Paisey's formal comments were discussed at IAESB meetings in November 2017 and April 2018. The minutes of the April meeting [5B] record a debate on the exposure draft wording to accord with Paisey's first point. In July 2018, an Issues Paper recorded that: "*Based on respondent feedback [...] it is critical that IES7 [revised] make clear that IFAC member body responsibilities for CPD relate to the role of the professional accountant*", rather than to non-accounting roles (p.7-9). This point was only made in the Paisey submission, thus the now finalised revised IES7 has been amended on the basis of Paisey's evidence [5C]. Moreover, guidance to support the implementation of IES7 includes a discussion of the importance of unplanned as well as planned activities, a revision that aligns with Paisey's second proposal [5D].

These changes are significant in both geographical reach and regulatory depth as they ensure that the mandatory CPD of almost 3 million accountants worldwide will be undertaken in a manner that is acceptable to both individual members and to the wider profession. The IAESB Director of Skills and Assessment confirmed that: "*the new standard talks of the professional accountant, rather than the role in the accounting profession [...] It's very clear now—and the explanatory material really sets out—that CPD is relevant to you as a professional accountant, regardless of the sector in which you work, regardless of the size of the organisation.*" She added: "*Individuals within professional accounting bodies will be able to better see why they need to do CPD, and take better ownership and responsibility, and therefore, the relevance because it's there, will lead to enhanced quality of CPD being chosen*" [5E].

4.3. Impact on ICAS ethics policy and practice

Paisey is a member of the Council and Ethics Board of ICAS, and through this engagement seeks to keep her research relevant to current concerns within the profession. ICAS is a professional body of more than 23,000 members and 3,000 students who work in over 100 countries around the world. The reports of Paisey's research on the ethical experiences of chartered accountants, the dilemmas they face, and the support they would like to receive, were launched at events held by ICAS in London and Edinburgh in October 2019. The research findings were further disseminated to all ICAS members via an article in the monthly magazine *CA Today* [5F], thus increasing member awareness of ethics dilemmas.

Paisey's research is now underpinning the creation of new ICAS practitioner-focused documents for its members under the *Power of One* motif. ICAS is currently drafting plans to implement one of the research report's key recommendations relating to the need for a system of ethics mentoring to support members with ethical dilemmas. The ICAS CEO confirmed, *"the research has been extremely informative, insightful and useful to ICAS. It highlights the need for organisations to have appropriate mechanisms in place to encourage speak up and listen up procedures and the benefits that they can bring to organisational culture [...] the research has assisted ICAS to identify areas where greater attention and focus is required in order to better meet the needs of members and also to serve its public interest mandate."* [5G]. As a direct result of the research and in order to assist its members, *"ICAS decided to further the offering by facilitating access for its members to advice provided by Protect"*. Other initiatives in progress in Autumn 2020, which directly stem from the research, include a focus on bullying via a webinar and associated guidance, and the establishment of an ethics mentoring facility to support members with ethical dilemmas [5G].

The research has also supported ICAS submissions to two reviews. First, ICAS included Paisey's research findings in its submission to the UK Financial Reporting Council's consultation on revisions to the Corporate Governance Code. Second, in its comments on the Exposure Draft on the Role and Mindset Expected of Professional Accountants, issued by IESBA (the international standard-setting ethics board), ICAS proposed that: *"to ensure a successful organisational culture, employees need to feel they can speak up about concerns without retribution, that their concerns are listened to, and, most importantly, are followed up"*. ICAS evidenced this by means of appending links to Paisey's two monographs at the end of its submission [5H]. The need for this additional inclusion in the exposure draft was discussed at the December 2019 meeting [5I] and included in the marked-up copy of the proposed exposure draft [5J], which includes reference to protection for whistleblowers as part of the promotion of an ethical culture. The ICAS CEO confirmed: *"This assisted in ensuring that the IESBA Task Force in charge of this project considered the need for inclusion of a specific reference to whistleblowing in relation to possible new content on organisational culture"* [5G].

4.4. Impact on the wider international business community

The findings and recommendations from Paisey's research are also relevant to the wider business community. ICAS has sent the reports to various international bodies; for example, the International Ethics Standards Board for Accountants has uploaded links to the two reports on its [website](#). The Chartered Institute for Securities & Investment (CISI) also believe that the results contain important messages for their members, and hence participated in the research monograph launch events with ICAS. In addition, the Head of Professional Standards at CISI invited Paisey to deliver a presentation in Cyprus in November 2019, writing that: *"while your research focused primarily on Chartered Accountants, I strongly feel that your findings [...] are relevant for all professionals – including those CISI members working within securities, investment, wealth and financial planning"* [5K].

Other international organisations have found the research useful in clarifying or supporting their thinking, informing policy evaluation (confirmed by collated evidence [5L]). For instance, PwC is the largest professional services firm in the UK with revenues of GBP4.2bn in 2019 and approximately 25,000 employees. PwC's Ethics Partner commented that: *"the information [in the research monographs] about the experience of the wider accounting profession was helpful in contextualising the reports we receive on our Speak Up facility"*. He confirmed that PwC had been reviewing its own in-house Speak Up facility and wrote that the research findings were, *"helpful in considering the specifications of the new arrangements"* and added, *"I particularly found the focus in the Report on "Listen Up" of interest and supportive of views emerging within PwC as to how best to handle whistleblowing in its widest sense"* [5L].

4.5. Beneficiaries

Taken together, Paisey's education and ethics research has highlighted issues that need to be addressed by the accountancy profession, professional firms and other organisations (these practitioners are the primary beneficiaries of the research). This has led to changes to professional services in order to provide a culture in which accountants (and professionals in other sectors) effectively maintain professional competence and feel able to speak up where

they have concerns, both of which are necessary conditions for public trust and the protection of the public interest (therefore, the public are secondary beneficiaries of this research).

5. Sources to corroborate the impact

[5A] Letter to the IAESB on behalf of Paisey on proposed revisions to International Education Standard 7, *Continuing Professional Development* (14 August 2017) **[PDF available]**.

[5B] [Minutes of the International Accounting Education Standards Board Public Meeting](#) (April 18–20, 2018) **[PDF available]**.

[5C] [Finalised, revised IES7](#) (December 2018) **[PDF available]**.

[5D] [Implementation Support Materials dated December 2018](#) **[PDF available]**.

[5E] The IEASB Director of Skills and Assessment discusses the highlights and implications of the revision in a [short film](#) (quote from 1:58 – 2:45) **[MP4 available on request from the HEI]**.

[5F] 'Time to take a stand', *CA Magazine* article (July-Aug 2019) **[PDF available]**.

[5G] Testimonial letter from the ICAS CEO (30 September 2020) **[PDF available]**.

[5H] [ICAS Comments on IESBA Exposure Draft](#) **[PDF available]**.

[5I] [IESBA presentation at December 2019 meeting](#) **[PDF available]**.

[5J] [Marked-up copy of revised Exposure Draft](#) discussed at IESBA meeting (March 2020) **[PDF available]**.

[5K] Letter from the Head of Professional Standards, CISI (10 December 2018) **[PDF available]**.

[5L] Collated evidence confirming the influence of the underpinning research on the wider business community: (i) Letter from Ethics Partner, PwC, UK (19 May 2020); (ii) Letter from Chief Executive, Accountancy Europe (8 June 2017); Letter from the Chair of Protect (3 March 2021) **[PDFs available]**.