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Citation for published version:

Adelopo, I & Meier, F 2022, 'UK Professional Accounting Bodies (PAB): Members' Unethical Behaviors and Exclusion', *Journal of Corporate Accounting and Finance*, vol. 33, no. 3, pp. 1-228.
<https://doi.org/10.1002/jcaf.22547>

Digital Object Identifier (DOI):

[10.1002/jcaf.22547](https://doi.org/10.1002/jcaf.22547)

Link:

[Link to publication record in Heriot-Watt Research Portal](#)

Document Version:

Publisher's PDF, also known as Version of record

Published In:

Journal of Corporate Accounting and Finance

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RESEARCH ARTICLE

UK professional accounting bodies (PAB): Members' unethical behaviors and exclusion

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Abstract

Although previous studies have explored the disciplinary procedures and sanctions by PABs, the focus of these studies has often been generalized to all forms of infringements. This has prevented specific attention on the most severe ethical breaches by PAB members, that is, offences leading to exclusion. Consequently, we do not know their prevalence, the features of these behaviors or the motivating factors for their perpetration by members of the UK's PABs. Clarity on these issues is in the public interest given the centrality of the role of the accounting profession to the efficient functioning of the financial system. We used the fraud triangle theory to shed light on these issues. Our analysis is based on the entire population of 141 serious cases that led to members' exclusion. We developed an analytical framework that focused on the nature of the infringements, their prevalence amongst the PABs, and the variety of explanations provided by the culprits. Our analysis shows that criminal convictions and breach of ethical guidance are the two major causes of exclusion. Our findings have implications for the PABs in their attempts to ensure their members' ethical behavior and the adequacy of their disciplinary process.

KEYWORDS

disciplinary procedures, exclusion and the UK, professional accounting bodies, unethical behavior

JEL CLASSIFICATION

M42, M48, M49

1 | INTRODUCTION

This study explores the nature of the unethical behaviors that led to members' exclusion from the UK's professional accounting bodies (PABs). Ethics is often noted as one of the cornerstones of the accounting profession and one usually claimed to support their professional status, and to emphasize their public interest credentials (Ghaffari et al., 2008; Higgs-Kleyn & Kapelianis, 1999; Mescall et al., 2017; Puxty et al., 1994). Yet, there is a growing perception that

accountants demonstrate some disturbing ethical breaches (Sikka et al., 2018). The Carillion and Patisserie Valerie cases in the United Kingdom are recent examples. PABs as the Recognized Supervisory Bodies (RSB) are responsible for the education, training, membership, discipline and development of the accounting profession in their contexts. They play important roles in ensuring the development of appropriate levels of accounting skills and desirable ethical behavior amongst their members, given their self-regulation status. They need to develop appropriate

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disciplinary procedures that signal zero-tolerance to members' unethical behaviors. This requires a deep understanding of the nature and type of members' unethical behaviors leading to the highest sanction of exclusion from membership. This issue has received insufficient empirical attention in the extant literature. This study provides a deeper understanding of the nature of the severe unethical behaviors leading to members' exclusion by UK's PAB.

Although previous accounting literature has explored the disciplinary procedures and sanctions by PABs, their focus has often been generalized to all forms of infringements (Jenkins et al., 2018; Lesage et al., 2016; Mataira & Van Peursem, 2010; Moriarity, 2000). This has prevented specific attention on the most severe breaches of ethical behavior by the PAB's members, that is, offences leading to exclusion. Exclusion from membership of a professional association is a serious issue. It is a costly and time-consuming process. It signals extreme unethical behavior and has implications for the individual and the professional bodies. For the individual, it will probably mark the end of their professional career with implications for their livelihood, social acceptance, future prospects and well-being. For the professional bodies, it is indicative of the exit of another "bad apple" suggesting that the disciplinary process is working. On the other hand, it could be seen as a failure of the PABs' ethical and education system. It implies a depletion in their membership and could have implications for accounting capacity building in a wider context. It also represents a loss to the society in that it reduces the available capacity of qualified professionals that can provide such services. Exclusion also has financial and resource implications for both excluded members and their PABs. Yet we are not aware of any study that specifically addressed unethical behaviors that lead to this outcome. Consequently, we do not know their prevalence, features or motivation for their perpetration by members of the UK's PABs. Clarity on these issues is in the public interest given the centrality of the role of the accounting profession to the efficient functioning of the financial system. This will also provide an opportunity for the PABs to challenge their membership training, education and disciplinary procedures.

Extant studies on professional bodies' disciplinary approaches have often used the public interest theory as a basis (Canning & O'Dwyer, 2001; Jenkins et al., 2018; Lesage et al., 2016) and reported that professional ethics and disciplinary procedures tend to serve to protect the profession's private interest, whereas the emphasis seems to shift to the public interest in times of higher public scrutiny of the profession (Mescall et al., 2017). Similarly, whilst there have been studies from many contexts, surprisingly, to date, there are no recent UK studies on these issues. The UK presents a unique context due to its historical prominence in the accounting profession. Its regulatory

framework for accounting, auditing and corporate governance are underpinned by principles rather than rules. These have implications for professional accountants and their firms who operate within them. Thus, the drivers and the nature of unethical behavior are context specific and findings from other jurisdictions are not necessarily transferable to the UK. Understanding the drivers for members' severe unethical behavior is also important to the PABs in developing appropriate responses to members' misbehaviors. This can help them in developing approaches to mitigate the threat to their image and enhance their public legitimacy and self-regulation position, and to minimize harm to the society.

We used the fraud triangle theory to shed light on these issues. The fraud triangle theory suggests that unethical behavior is driven by pressure, opportunity and rationalization. Pressure refers to the external impact or condition that can lead to unethical behavior. Opportunity is the existence of suitable environmental conditions that support the behavior, and rationalization refers to the cognitive process that the individual uses to justify the action (Cohen et al., 2010). Our study is a longitudinal analysis of the unethical behavior by the members of the four PABs in the UK, that is, ICAEW, ACCA, ICAS and the ICAI. Our sample period spans 2014–2019, with 2014 being the earliest year for which data is available online. We used all the available 368 disciplinary committee cases across all four professional bodies and focused on the most serious infringements leading to members' expulsion from the professional bodies. Our analysis is based on the entire 141 serious cases that led to members' expulsion. We developed an analytical framework that identified the nature of the infringements, their prevalence amongst the PABs, and the variety of explanations provided by the culprits.

Our findings show that the PABs have similar disciplinary procedures, which have two stages. In the first stage, reports of infringements are resolved without recourse to the disciplinary committee. In the second stage, serious cases are referred to the disciplinary committee and formal investigations are conducted. We found that 38.3% of all disciplinary committee cases ended with the most severe sanction of exclusion from membership. In terms of the types of infringements, we found that criminal convictions and breach of ethical guidance are the two major causes of members' exclusion. In this sense, 98% of all cases relate to an individual's behavior, attitude, or mind set when carrying out unethical actions, while only 2% of exclusions result from insufficient quality of work, such as incompetence or lack of knowledge. Furthermore, in the majority of situations (64%) only one "bad" action led to exclusion, while in the minority of cases (36%) the members engaged in more than one action that contravenes different sections of the ethical code.

Our study contributes to the literature focusing on unethical behavior by members of the PABs. We provide a detailed analysis of the nature of the infringements by the members of these bodies, and explored the motivations for the most serious unethical behaviors. We showed that consistent with the fraud triangle, pressure, opportunity and rationalization provide strong explanations of the UK PAB members' unethical behaviors. Although the ethical guidance is clear, many culprits identified social factors as triggers for their unethical behavior. Thus, we showed that attitude towards unethical behaviors is a key driver. This finding is important in the context of designing ethical guidelines by professional bodies and in the design of members' training curriculum. We present the rest of the study in four sections. Section 2 presents the background information about the PABs and a variety of issues affecting their public interest posture. Section 3 presents the theoretical underpinning for the study. Section 4 presents the study design. Section 5 presents the empirical findings while the discussions and conclusions are presented in section 6.

2 | PROFESSIONAL BODIES IN THE UK

2.1 | Historical development

There are six different professional accountancy bodies in the UK, each with their own route to membership. This, according to Anderson-Gough et al. (2002, p.43f), is "an outcome of historical contingency reflecting not only specialisms but national identities (England and Wales, Ireland, Scotland), competitive pressures and, no doubt, basic historical accidents". Four of those institutes (ICAEW, ICAS, ICAI, and ACCA) have the right to carry out statutory audits, and are engaged in similar and overlapping activities (Anderson-Gough et al., 2002).¹ They also serve as statutory regulators for the auditing and insolvency industries in their respective jurisdictions (Mitchell & Sikka, 2004).

The current self-regulatory nature of the accountancy profession in the UK is a product of historical development, which dates back to the second half of the 19th century. During that period, a number of important laws were passed (e.g., Bankruptcy Act 1831; Relief of Insolvent Debtors Act 1842; Companies Act 1862) that officially recognized and included a role for accountants and audits in such related matters (Paris, 2016). Accountants began to organize themselves into local and regional societies, and the first set of PABs were established in Scotland in the 1850s/1860s, followed by similar societies in England (Briston & Kedsle, 1997). This process led to the creation of the modern professional bodies with Royal Charters. The Insti-

tute of Chartered Accountants of Scotland (ICAS) obtained its Royal Charter status in 1854. The Institute of Chartered Accountants in England and Wales (ICAEW) in 1880, the Institute of Chartered Accountants in Ireland (ICAI) in 1888 and the Association of Chartered Certified Accountants (ACCA) gained its Royal Charter in 1974 (Briston & Kedsle, 1997). The royal charter signifies their authority and legitimacy. It implies that they are allowed to regulate their own activities and enjoy certain privileges in the society. This also implies that they can determine the process of membership and decide their membership criteria (Cowton, 2009).

In terms of their international reach, UK's PABs have achieved significant influence from an early stage. The initial vector was through the British qualified accountants moving to other countries, especially the Commonwealth and the US where they played significant roles in shaping their professional bodies (Briston & Kedsle, 1997; Johnson & Caygill, 1971). After the Second World War the influence continued, but with the focus having shifted from "exporting" qualified accountants to "exporting" the qualifications of the British accounting bodies (Johnson & Caygill, 1971). Consequently, overseas membership of those professional bodies grew significantly over the years, in particular throughout the Commonwealth (Briston & Kedsle, 1997). A defining feature of both national and international membership of the PABs is the requirement that their members act in the public interest which is the source and condition of their legitimacy (Cowton, 2009; Puxty et al., 1994).

2.2 | Codes of ethical conduct by the UK PABs

Central to the idea that members act in the public interest is a commitment that they act ethically and responsibly (Cowton, 2009). Importantly, this commitment is enshrined in the charters of the accountancy bodies (Puxty et al., 1994). Cowton (2009) suggested that the professions, by committing themselves to a higher standard of ethics than required by law and common morality, make a promise to the society and are rewarded with privileges such as self-regulation. To ensure that their members act ethically and to support their claim to self-regulation as a profession, each PAB has adopted a code of ethics with which members must comply (Brennan, 2016; Higgs-Kleyn & Kapelianis, 1999; Sikka & Willmott, 1995). In the UK, the codes of ethics and conduct of the professional bodies (ACCA, ICAEW, ICAS, CIMA) are principles-based. This implies that they are based on a set of broadly defined principles rather than prescribed rules. They are based on the International Ethics Standards Board for Accountants

(IESBA) Code published by the International Federation of Accountants' Code of Ethics (IFAC, 2021), and can be supplemented by additional guidance in areas of importance or specific to the UK (e.g., ICAEW). The five fundamental principles for members to follow are Integrity, Objectivity, Professional competence and due care, Confidentiality, and Professional behavior (IFAC, 2021). Non-compliance with the code entails disciplinary proceedings.

2.3 | Compliance, sanction and Enforcement procedures in the PABs

PABs ensure ethical behavior by requiring their members to adhere to a code of ethics. According to Parker (1994), this is largely pursued through the socialization of members who are expected to internalize the ethical rules. To enforce its code, the bodies operate a two stage complaints-based sanction system to ensure adherence to its rules and sanction transgressions (Canning & O'Dwyer, 2001). Code violations are reported to the professional body, which then initiates disciplinary procedures and sanctions. In the first stage, reports of infringements are resolved without recourse to the disciplinary committee. Serious unethical behavior is dealt with in the second stage, which involves referring the case to the disciplinary committee where a formal hearing is initiated. The success of such a system relies on two key pillars. First, strong mechanisms for detecting and following up on reported issues; Second, the threat of penalties for transgressions (Beets & Killough, 1990). Thus, if practitioners do not get thoroughly trained and educated in ethical behavior, and the risk of them being found out and punished is not seen as high, the system's effectiveness of fostering ethical behavior will be limited.

The quality of enforcement mechanisms can be another weakness. If an ethical code is not backed by an effective mechanism for enforcing compliance, a code's force is limited and, as a consequence, adherence to it (Beets & Killough, 1990). A potential issue is that enforcements, while present, may become similar to what Parker (1994) described as "Disciplinary symbolism". This is where occasional disciplinary actions might be perceived as mere symbolic actions meant to demonstrate the profession's proclaimed ethical attitudes, so that disciplinary actions have the effect of projecting to the outside an image of ethical attitudes and commitments of the profession.

Parker (1994) also highlighted the frequency of disciplinary actions as a potential test of PABs' commitment to ethics, and their claim of private interest being subordinated to public interest. His review of the disciplinary cases in Australia showed that disciplinary actions mostly occur for minor infringements, not severe issues, and the

outcomes are mostly less severe punishments, such as only payment of a fine or a reprimand, and names of the perpetrators would frequently not be made public. Parker (1994) considers this as another expression of the private interest roles of self-control and socio-economic status preservation being in play. Moreover, Cowton (2009) suggests that many disciplinary cases seem to sanction members who have already been found guilty of a criminal offence, thus they are less about maintaining high ethical standards than "tidying up". Similarly, Mitchell et al. (1994) consider codes of ethics and disciplinary procedures to be a "smoke-screen" for the pursuit of private interest.

Attempting to gauge the effectiveness of enforcement procedures is made more complicated by the fact that disciplinary proceedings are private. Thus, the public does not really know whether there have been ethical issues, or no member has come forward to report potential cases. This secrecy, however, seems to have changed as many professional bodies now publicly disclose information about their members' unethical behavior, the actions they took and the consequent disciplinary actions effected. For example, Mescall et al. (2017) examined the Canadian context and find a positive relationship between public scrutiny of the profession and the severity of sanctions for disciplinary issues. They showed that the introduction of the Canadian Public Accountability Board in 2003, which increased public scrutiny, has led to heavier sanctions for violations of professional rules. In addition, there is now more publication of outcomes of disciplinary procedures in internal communication channels, but not to the public. Mescall et al. (2017) concluded that this action is consistent with Parker's (1994) suggestions that professional ethics serve to protect the profession's private interests, by demonstrating their capability to self-regulate.

Mataira and Van Peurse (2010) compared the disciplinary procedures in two accounting professional bodies in New Zealand (The Institute of Chartered Accountants of New Zealand (NZICA) and CPA Australia (CPAA)) to understand their similarities despite their seemingly different historical and practical antecedents. The results suggest the existence of cultural differences in the approaches of the two accounting bodies, with one being stricter and more associated with punishment, whereas the other seems to be more consensus-oriented and focusing on remediation. Lesage et al. (2016) focused on the disciplinary procedures in the French auditing profession to answer whether they are motivated by public or private interest. They found that compared to the Anglo-American countries which showed that the auditing profession tends to defend their private interest, the French auditing profession seems to focus on both. Thus, to date the majority of the extant studies on the disciplinary procedures in the PABs have been driven by the public-private interest

debate, and no specific consideration of the nature and type of unethical behavior leading to members' exclusion has been explored. This exploratory study fills part of these gaps by addressing the following research questions:

Research questions:

1. How frequent is members' exclusion due to severe unethical behavior amongst UK's PABs?
2. What type of unethical behavior leads to members' exclusion by UK's PABs?
3. What type of mitigating explanations do members provide for their unethical behaviors?

The next section presents the theoretical foundation of this research.

3 | THEORETICAL UNDERPINNING: THE FRAUD THEORY (TFT)

3.1 | Components of the Fraud triangle

This study relies on the theory of fraud triangle to make sense of the severe unethical behavior by members of the UK's PABs. The fraud triangle as initially conceived by Cressey (1953) and subsequently applied to corporate fraud argues that fraud is driven by three main factors: (1) pressure/incentive, (2) opportunity, and (3) attitude/rationalization. These three aspects must be present for fraud to occur, and can be used to explain fraudulent behaviors. Pressure provides a reason to commit fraud (Cohen et al., 2010). It can take two main forms (see Lokanan, 2015): financial (e.g., meeting financial expectations or inability to compete) and non-financial, with the latter possibly being work-related, due to personal vices such as gambling or other addictions, or desires for a luxurious lifestyle. Thus, pressure or incentive may be a cause for fraud.

Second, an opportunity to commit fraud. This has mostly been linked to weak internal controls or management's ability to override controls (Cohen et al., 2010; Lokanan, 2015). Opportunity arises when favorable circumstances are present and the person possesses the knowledge of "assets, people, information, and computer systems that enables him or her not only to commit the fraud but to conceal it" (Coenen, 2008, p. 12). Third, rationalization is the act of individuals justifying their fraudulent behaviors and effectively legitimizing them in their own minds (Lokanan, 2015). It relates to an attitude or ethical values that enable a person to carry out the act and to rationalize it (Cohen et al., 2010; Free, 2015).² As highlighted by Coenen (2008) and Lokanan (2015), the process of rationalization may be easier for individuals with

lower moral standards, whereas those having higher standards may require convincing themselves "that a fraud is okay by creating 'excuses' in their minds" (Coenen, 2008, p. 12). According to Cressey (1953), first time offenders would offer justifications for their acts and consider them being the result of situational factors, instead of seeing themselves as offenders. The fraud triangle is widely used in research and in practice by forensic accountants, fraud investigators and in auditing (Free, 2015).

3.2 | Empirical applications of the fraud triangle in accounting and finance research

Several previous accounting and finance studies have confirmed the veracity of the fraud triangle (Albrecht et al., 2010; Dellaportas, 2013; Schuchter & Levi, 2016). For example, Dellaportas (2013) conducted group interviews with accountants serving custodial sentences for committing fraud and fraud related offences in Australia and found that all three triangle elements were present. Most importantly, however, they highlighted that the occupational position of the accountants, their knowledge and trust in them, were the factors that created the opportunities to commit fraud. Schuchter and Levi (2016) interviewed 13 high profile white-collar criminals (e.g., top management, business people) from Austria and Switzerland, and suggested that not all three elements of the fraud triangle have to necessarily be present for fraud to happen. Pressure was the most important trigger for fraud, due to corporate uncertainty. Experimental evidence by Murphy (2012) in his investigation of financial fraud triggers stressed the key role of attitude, along with the strong efforts at the rationalization of actions. Albrecht et al. (2010) also found evidence, in their analysis of fraud cases in South Korea's four largest Chaebols, suggesting that all three elements of the fraud triangle can predict fraud. Said et al. (2017) investigated bank employee fraud using a survey of employees at the top three Malaysian banks. The results showed opportunity and rationalization to be positively related with fraud, with rationalization being the strongest influence.

Wilks and Zimbelman (2004) in their experiment with 52 practicing audit managers of two of the Big 4 accounting firms in the US demonstrated that auditors who decomposed fraud-risk assessments into the three separate fraud triangle components are more sensitive to the opportunity and incentive cues when making their overall assessments, than auditors conducting an overall fraud-risk assessment without them. Other studies used corporate characteristics such as financial and corporate governance as proxies for the three fraud triangle elements to identify their relationship with fraud. Generally, factors such as weaker

governance and internal control, and certain financial characteristics such as poor financial performance, rapid asset growth, and higher leverage were found to be more conducive to fraud (e.g., Fitri et al., 2019; Roden et al., 2016; Skousen et al., 2009). None of the extant studies on PAB's disciplinary process have used the fraud triangle to explore the motivation for these behaviors. Similarly, the review shows that the literature is missing a detailed analysis of the unethical behaviors leading to members' exclusion by the UK's PABs. Such an exploratory analysis is in the public interest and would need to unpack the nature of the unethical behavior leading to members' exclusion, their prevalence amongst the PABs and the mitigating explanations provided by the culprits.

4 | STUDY DESIGN

4.1 | Analytical framework

The current study adopts an inductive research approach and an interpretivist philosophy. This entails a belief that reality is contested and socially constructed (Ahrens & Chapman, 2006; Reinecke et al., 2016). This view suggests the existence of multiple reality (Reinecke et al., 2016). This paradigm is important in achieving the objectives of this study with respect to making sense of the unethical behavior of PABs members, an assessment of the disciplinary procedures and their implications. As Ahrens and Chapman (2006) note, qualitative research enables deeper contextual understanding that allows researchers to be able to predict behaviors and practices. We used documentary analysis in this study. Documentary analysis allowed us to engage with, review, analyze, interpret and report on the content of a document with our research objectives as the guide for our engagement with the documents (Bohnsack, 2014; Osinubi, 2020). Documentary analysis has a lot in common with content analysis except that it focuses on a range of specific documents. The key to undertaking documentary analysis is a well-defined unit of analysis, coding criteria and coding rules (Payne & Payne, 2004). In this study, we focused on the case files that detailed the unethical behavior by members of the PABs. We concentrated on the individual as our unit of analysis as opposed to a practice or a corporate membership of the PABs. This is because, whilst the PABs do discipline their corporate members, the vast majority of the infringements are at the level of individual members.

4.2 | Data collection and coding

We obtained information on the cases from the websites of ACCA, ICAEW, ICAI, and ICAS (the relevant links are pre-

sented in the appendix). We focused on the cases leading to member exclusion to highlight the severity of the infringements. Cases vary significantly in their lengths depending on the complexities of the issues involved. They ranged from few pages to tens of pages involving details of the offences, the identities of the members, their demographic information. Details of the victims are often anonymized for confidentiality. Details of legal representations and other procedural information are all provided in each case file, which are readily available online. Our data collection started in November 2019 and ended in March 2020 when we reached saturation on the information required for our analysis. We downloaded the data files into dedicated folders and labelled them according to the professional bodies, year and month of disciplinary hearing and publication. Two experienced academics undertook the documentary analysis in this study.

To help our coding, we followed the suggestions in Guthrie et al. (2004) to maintain clear coding categories and decision rules. Given that the different PABs at times used different terms for the same events/breaches, we first streamlined the terms used. We merged the guidelines for disciplinary sanctions as used by the PABs in their disciplinary committee hearings which detailed the categories of failings. We started with the ICAEW *Guidance on Sanctions* as a benchmark because it seems the most comprehensive, and updated this classification by incorporating additional categories from the other PABs.³ We did our coding in three main stages. Our first read of the cases allowed us to gain a general overview of the issues and familiarize ourselves with the layout of the documents. At this stage, we took each discrete document at a time and engaged with it without thinking of our theoretical framework or the literature. Our second stage of coding involved a repetitive and iterative process of comparing the three objectives of the study with the content of the documents. At that stage, we focused on categorizing the content of the documents based on the "headline" features guided by the objectives of the study without reference to our theoretical framework. Thus, the three main "headline" features were (1) the prevalence of severe unethical behavior across the PABs; (2) the types and nature of the misbehaviors; and (3) and the mitigating explanations provided by the members. Our theoretical framework and the literature review guided the third stage of our coding. At this stage, we have already identified the key "headline" features based on the study objectives and we used these to identify the data that fits the three components of the fraud triangle.

We compared our inter-coder reliability following the suggestions in the literature (e.g., Guthrie et al., 2004; Milne & Adler, 1999). There were limited differences and these were resolved following further discussions (for example, where there were overlaps in the categories). We extracted the case characteristics from the case

documents. We identified the particulars of each case and recognized them a dedicated excel sheet. We summed up the total counts for the occurrence of the “headline” features. In order to provide granulate analysis, we used additional features that included single or multiple ethical issues involved, type of sanction, additional financial penalty or not, cost order, existence of prior disciplinary record, cooperation and/or admission by defendant, aggravating/mitigating factors considered by the committee.

We underpinned our categorization and analysis by a constant back and forth comparison and consideration of our study objectives, the literature and our theoretical framework. Our categorizations are exhaustive based on reaching saturation in categorizing the infringements. A flowchart of the development of the coding sheet can be found in the appendix. It shows that the process is reiterative and inductive. The final categories and variables are shown in Tables 1–3 along with some key definitions. Our sample period spans 2014–2019, with 2014 being the earliest year for which data was available online. A total of 368 disciplinary committee cases across all four professional bodies could be identified, of which 141 cases led to exclusion⁴. The vast majority of cases (94%) in our sample came from both ACCA and ICAEW, as they had a lot more cases than both ICAI and ICAS.

5 | EMPIRICAL FINDINGS

Our findings provide a detailed classification and description of the prevalence and type of severe unethical behavior by UK’s PAB members and the mitigating explanations provided. We present our findings using the research questions addressed in this study as a guide.

5.1 | How prevalent are severe unethical behaviors amongst UK’s PABs?

Given that this is the first study focusing on the severe unethical behavior by members of the UK’s PABs, it was important to first establish the prevalence of these behaviors amongst PABs. Table 1 presents a detailed breakdown of the cases. Panel A shows the categories of failings that led to exclusion, and Panel B focuses on exclusions for non-work-related reasons. Panel C provides further details about the infringement actions.

First, as shown in Table 1 below, taken all four bodies together, 38.3% of all disciplinary committee cases ended with the most severe sanction of excluding a defendant from membership on the grounds of their actions. This implies that these cases have been considered severe enough to be referred to the second step in the complaints

process that handles the serious cases. In terms of individual PABs, it is striking that ACCA, while having the most cases in our sample, also has, by far, the highest percentage of disciplinary cases that result in exclusion (57.2%). This is more than double that of ICAEW, which comes next with 27.7%. This is followed by ICAS with 25% of all our cases leading to exclusion, albeit with only eight cases that could be identified. ICAI has, by far, the lowest percentage of committee hearings leading to exclusion with a distant 10.5%. Thus, while there is quite some variation, this also has to be considered in light of the wide range in the case numbers that were reported.

5.2 | What type of unethical behaviors lead to member’s exclusion by UK’s PABs?

Panel A of Table 1 presents the type of failings that led to exclusion. It shows that a significant proportion of the exclusions (43.6%) were due to the member having been convicted in a civil or criminal court. This category also includes some cases of members who have been sanctioned by another body or regulator, or declared unfit to be director of a company. For all professional bodies, these are clear reasons for exclusion. The second most frequent reason for exclusion (24.6%) relates to ethical failings, which comprise a range of issues such as dishonesty, theft and fraud. The third-most frequent reason (13.5%) stems from breaching professional bodies’ bye-laws and other regulations, such as practicing without a Practising Certificate. Thus, the main reasons for exclusion from a PAB clearly relate to convictions, ethical misbehavior, and non-adherence to those bodies’ rules and regulations. Together, these present 81.7% of all cases. The remaining five categories together make up only 18.3% of exclusions. The Table also shows that the distribution of categories is consistent for ACCA and ICAEW. ICAS and ICAI are special cases in that for ICAS there are only two member exclusions out of a total of 8 cases that could be identified, and ICAI’s exclusions are mainly rooted in other areas such as audit-related issues and breaches of bye-laws and other regulations.

Panel B of Table 1 focuses on exclusions due to non-work-related reasons, that is, private failings. First, when considered as a percentage of all exclusions, the table shows that those cases are generally rather rare. The picture changes significantly, however, when they are considered as a percentage of criminal convictions and Police cautions only. Overall, private failings make up 40% of those cases, with a wide variety ranging from 20% (ACCA) to 100% for ICAEW. These represent private misbehaviors severe enough to lead to a criminal conviction. This also underlines the fact that membership of these professional bodies transcends good behavior at work alone to

TABLE 1 Exclusion case details

Accountancy body No. exclusions/No. total hearings	ACCA		ICAI		ICAS		ICAEW		Total	
	95/166		6/57		2/8		38/137		141/368 (38.3%)	
	No.	%	No.	%	No.	%	No.	%	No.	%
Panel A: Categories of failings										
Criminal convictions & Police cautions (incl. adverse findings of other regulatory bodies)	41	43.2%	0	0%	0	0%	20	54.1%	61	43.2%
Audit ^a	3	3.2%	2	33%	0	0%	1	2.7%	7	4.3%
Breach of bye-laws or other regulations (PC)	14	14.7%	2	33%	0	0%	3	8.1%	19	13.5%
Clients' money offence	0	.0%	0	0%	1	50%	0	0%	1	1%
Ethical ^b	25	26.3%	1	17%	1	50%	8	21.6%	35	24.5%
Regulatory and compliance issues ^c	6	6.3%	1	17%	0	0%	3	8.1%	10	7.1%
Financial mismanagement	4	4.2%	0	0%	0	0%	2	5.4%	6	4.3%
General accountancy failings	2	2.1%	0	0%	0	0%	1	2.7%	3	2%
Panel B: Exclusions for non-work-related reasons^d										
Of all exclusions	8	8%	0	0%	0	0%	3	8%	11	8%
Of criminal convictions and police cautions only	8	20%	0	0%	0	0%	3	100%	11	40%
Quality of the work	2	2%	0	0%	0	0%	1	3%	3	2%
Panel C: Infringement details										
Nature of failing										
Mindset at the time of conduct ^e	93	98%	6	100%	2	100%	37	97%	138	98%
Multiple issues										
Yes	31	33%	6	100%	1	50%	14	37%	52	37%
No	64	67%	0	0%	1	50%	24	63%	89	63%
Duration and occurrence										
One-off	18	19%	3	50%	1	50%	7	18%	29	21%
Prolonged/repeated	77	81%	3	50%	1	50%	31	82%	112	79%
Separate issues^f										
One-off	2	11%	1	17%	1	50%	0	0%	4	9%
Continuous	16	89%	5	83%	1	50%	12	100%	34	91%
Sanction imposed										
Instead of penalty	89	94%	5	83%	1	50%	30	79%	125	89%
Or as well as a financial penalty	6	6%	1	17%	1	50%	8	21%	16	11%

^aThis includes breaches of audit regulations related to the conduct of audits (e.g., acting as auditor when not registered; audit reports signed by a non-Responsible individual).

^bThese are all cases of exclusions for breach of professional body ethical principles (e.g., independence, conflict of interest, integrity).

^cThis category combines exclusions for failure in relation to compliance with various professional body regulations (e.g., filing annual returns, communication and cooperation with the professional body, acting on remedial orders).

^dThis category presents the cases with exclusions due to non-work-related reasons (such as convictions for assault, drunk driving, theft in private life) as percentage of all exclusions, and of criminal convictions and police cautions only.

^eThis category encompasses all cases where the cause for exclusion is the individual's behavior, actions, attitude that resulted in code infringements. These are not related to exclusions for poor quality of work provided, which can be linked to insufficient training, knowledge, qualification.

^fThis category notes whether a case cites more than one violation of the Ethics code and, if so, whether those separate issues occur on one-off infringements or when infringement is continuous and/or repeated.

TABLE 2 Member and work details

Accountancy body No. exclusions/No. total hearings	ACCA		ICAI		ICAS		ICAEW		Total	
	95/166*		6/57		2/8		38/137		141/368 (38.3%)	
	No.	%	No.	%	No.	%	No.	%	No.	%
Panel A: Member details										
<i>Gender</i>										
Male	77	81%	6	100%	2	100%	37	97%	122	87%
Female	18	19%	0	0%	0	0%	1	3%	19	13%
<i>Geography</i>										
UK	74	77.9%	0	0%	2	100%	35	92%	111	79%
Jersey, Isle of man	2	2.1%	0	0%	0	0%	0	0%	2	1%
Ireland	8	8.4%	6	100%	0	0%	0	0%	14	10%
Europe (other)	1	1.1%	0	0%	0	0%	3	8%	4	3%
Africa	2	2.1%	0	0%	0	0%	0	0%	2	1%
Asia	8	8.4%	0	0%	0	0%	0	0%	8	6%
<i>Duration of membership prior to misbehavior**</i>										
<5	23	24%	N/A	N/A	N/A	N/A	1	3%	24	N/A
6–10	15	16%	N/A	N/A	N/A	N/A	4	11%	19	N/A
11–20	18	19%	N/A	N/A	N/A	N/A	2	5%	20	N/A
21–30	10	11%	N/A	N/A	N/A	N/A	6	16%	16	N/A
31–40	6	6%	N/A	N/A	N/A	N/A	1	3%	7	N/A
40+	1	1%	N/A	N/A	N/A	N/A	3	8%	4	N/A
N/A***	22	23%		100%		100%	21	55%	51	N/A
Panel B: Work status										
<i>Type of position</i>										
Sole practitioner	25	26%	1	17%	1	50%	5	13%	32	23%
Sole proprietor	5	5%	0	0%	0	0%	0	0%	5	4%
Top level executive in industry	9	9%	1	17%	0	0%	9	24%	19	13%
Senior position in industry	6	6%	0	0%	0	0%	3	8%	9	6%
Employee (Industry)	11	12%	0	0%	0	0%	6	16%	17	12%
Employee (Accounting/Auditing firm)	4	4%	0	0%	0	0%	2	5%	6	4%
Partner in accounting/auditing firm	7	7%	0	0%	0	0%	4	11%	11	8%
Director of accounting/auditing firm	7	7%	0	0%	1	50%	1	3%	9	6%
Director or principal of own practice	13	14%	2	33%	0	0%	3	8%	18	13%
N/A	8	8%	2	33%	0	0%	5	13%	15	10%
<i>Working alone or not</i>										
<i>Sole practitioner/proprietor versus employee****</i>										
Sole practitioner/proprietor	30	50%	1	50%	1	100%	5	20%	37	43%
Employee	30	50%	1	50%	0	0%	20	80%	51	57%
<i>Sole practitioner or not</i>										
Sole practitioner/proprietor	30	34%	1	25%	1	50%	5	18%	37	30%
Other	57	66%	3	75%	1	50%	28	82%	89	70%

*Current members only; there are also 164 student case exclusions that are not included in the total.

**Displays the length of membership in years before the infringement took place or started.

***No information about length membership available.

****Excludes partner, director accounting/auditing firm, director/principal of own practice.

TABLE 3 Members' mind-set and attitudes

Accountancy body	ACCA %	ICAI %	ICAS %	ICAEW %	Weighted total %
<i>Type of action</i>					
Deliberate / "bad faith (intentions)"	80%	78%	100%	57%	74%
Involuntarily / "good faith"	3%	0%	0%	8%	4%
Incompetence	4%	22%	0%	0%	4%
Fraud	13%	0%	0%	35%	18%
<i>Prior disciplinary record</i>					
Yes	3%	N/A	N/A	3%	3%
No	97%	N/A	N/A	97%	97%
<i>"Special circumstances" mentioned in defendants' defense*</i>					
Health	21%	0%	100%	10%	20%
Personal circumstances / Stress	29%	0%	0%	50%	36%
Work pressure / Stress	29%	0%	0%	20%	24%
Financial stress	21%	0%	0%	20%	20%
<i>Admission</i>					
Yes	62%	N/A	N/A	73%	65%
No	38%	N/A	N/A	27%	35%
<i>Cooperation with investigation</i>					
Yes	63%	0%	N/A	73%	63%
No	37%	100%	N/A	27%	37%
*	No. cases	% of total exclusions			
ACCA	14	15%			
ICAI	0	0%			
ICAEW	10	27%			
ICAS	1	50%			
Weighted average	25	21%			

include requiring ethical behavior in all spheres. Thus, professional ethical behaviors are more than mere technical proficiency limited to a particular skill, but include the commitment to act ethically in a wider sense and contexts. As Panel B shows, members can be excluded for ethical failures outside of their direct scope of work.

Panel C of Table 1 presents further details of actions that led to exclusion. First, it shows that 98% of all cases relate to an individual's behavior, attitude, or mind-set when carrying out their actions, while only 2% of exclusions are the result of insufficient quality of work, such as incompetence or lack of knowledge. This clearly shows that unethical behavior is key. Second, in the majority of situations (63%) only one "bad" action led to exclusion, while in a minority of cases (37%) the culprits engaged in more than

one action that contravenes different sections of the ethical code. Third, when we examined the duration and the occurrence of these misbehaviors, we found that the vast majority (79%) of the unethical behaviors were prolonged or repeated. They represent behaviors that have been ongoing for an extended period, frequently over a number of years, before being detected. Only 21% of all cases were one-off violations of the ethics code. Further, when focusing only on those cases in which more than one type of misbehavior was involved (*Separate issues*), we found that these occurred when there is prolonged or repeated misbehavior in nearly all cases across all four bodies. This suggests that the longer the unethical behavior continues, the higher the risk of different and additional violations of the ethics codes. Fourth, nearly all cases (89%) ended

with the member being sanctioned with exclusion without also being given a financial penalty, although there are some variations across the different bodies. As there is no set financial penalty defined for many of the most severe issues in the disciplinary guidelines, it seems the committee mainly considers exclusion as sufficient punishment, so that a financial penalty does not seem needed.⁵

Table 2 provides some additional demographic details that elucidate further perspectives on the nature of the unethical behavior and features of the members involved. Panel A, Table 2 displays details of the excluded members, while Panel B presents an analysis of the positions and work arrangements of the individuals. Panel A shows that the vast majority of excluded members are male, consistent across all bodies, with an overall average of 87%. ACCA has the highest number (18, i.e., 19%) of excluded female members but also the highest number of cases in the sample. In terms of geographical distribution, UK-based members are by far the largest group. Similarly, ACCA has the highest number of excluded members based abroad. This reflects its more international outlook and membership compared to the other bodies. Not surprisingly for ICAI and ICAS, as the Irish and Scottish professional bodies, all of their cases are from members based in their respective jurisdictions. Lastly, looking at the number of years an individual had been a member of a professional body before engaging in misbehavior can give us an insight into their socialization process and their journey as a professional member. Although data limitation reduced the chance of a credible pattern, for ACCA with the most data, it seems that ethical misbehaviors were more pronounced in the earlier years of membership and then tapering off. This is in contrast to the findings that suggest that the moral and ethical reasoning ability of accountants decreases with age and experience (e.g., Bampton & Cowton, 2013; Ponemon & Gabhart, 1993).

Panel B presents details of the work status of the individual members, focusing on whether their occupational hierarchy and their work environment could be contributory to their unethical behaviors. First, in terms of type of position held, the highest number of cases (23%) were sole practitioners, followed by top level executives in non-accounting/auditing industry and director or principal of their own practice (13% each). Together, they make up 49% of all cases. All these positions and occupational status accord the individuals considerable power, control and autonomy which could facilitate unethical behavior with limited checks. It is also consistent with evidence showing that accountants' moral and ethical reasoning ability decreases with rank and organizational status (e.g., Bampton & Cowton, 2013; Ponemon & Gabhart, 1993).

Panel B also indicates that work environment may provide a predisposition to unethical behavior. We found

that unethical behavior seems more pronounced amongst members in a multiple-person people work environment compared to a sole proprietorship or in a lone working environment. Although previous studies argued that lone working increases the predisposition to unethical behavior and increases the pressure to compromise moral character (Eynon et al., 1997; Ponemon & Gabhart, 1993). However, it could be argued that working in an organizational environment may also expose an individual to peer pressure towards unethical behavior (Kish-Gephart et al., 2010). Working in an organizational environment with a tone for unethical behavior may compromise an individual's higher moral disposition due to pressure. In that light, when focusing only on those cases where an individual was either sole practitioner/proprietor or a salaried employee of some sort, we find that the majority of cases (57%) stems from employees. When we took a broader view by examining whether the person worked on their own or not (i.e., sole practitioner/proprietor vs. all other arrangements that include colleagues or employees), only 30% of all cases related to sole practitioners, whereas in the vast majority of cases the culprits worked in environments with potentials for peer pressure.

Table 3 provides insight into the members' minds and attitudes in relation to their disciplinary failing. It explores the types of infringements, the frequency of the incidence, their mitigating explanations and members' cooperation with the investigations.

5.3 | Unethical behavior done intentionally and in bad faith

First, in terms of what type of action the member is engaged in, we find that in the vast majority of cases (74%) the action can be classified as intentional and done "in bad faith". These cases show a very wide range of issues such as ignoring rules for personal benefit, signing audit reports without having done any work, lying to their respective professional body (often repeatedly and over a long period), to blatant unprofessional behavior. What all these actions have in common is that the individual must have been aware that their behaviors were contrary to ethical codes, as those actions are incompatible with "normal" accepted behavior in a society, irrespective of any professional duties. Defendants frequently stated that they either did not think the behavior was so severe as to cross the line (i.e., considered it still acceptable), or they claimed to have had some doubts but went ahead with the behavior anyway. Only in a minority of such cases did individuals claim ignorance. Those instances, however, mostly related to elementary professional body regulations, requirements, or duties placed on them by the very nature of their

membership, thus something a member can hardly, credibly claim not to know. The second most common type of misbehavior is fraud (18%), which includes fraud or theft for personal gain, and defrauding Her Majesty's Revenue and Customs (HMRC). There were only a few cases where members claimed their actions were done in "good faith" or to the benefit of a third party without intending to do harm. Similarly, only few cases were related to a member displaying incompetence at a level not to be expected of a chartered accountant. Interestingly, exclusions for fraud are frequently due to a prior conviction in court for abuse of position, with the individual stealing either from their employer or their client. This suggests that, to some extent, the position of power and trust, along with access to the means may enable opportunities for unethical behavior.

5.4 | First time offender versus serial offender

Second, of particular interest is that nearly all "perpetrators" (97%) did not have a prior disciplinary record. Thus, it was their first time having committed a breach that had to be dealt with and sanctioned by a disciplinary committee. The committees' sentencings often cite the individual's previously good character or unblemished records and career, including for decades-long members. This suggests that such major misbehavior may potentially be influenced by situational factors, the "heat of the moment", or opportunity rather than the results of more "persistent" misbehavior. In that context, the case files clearly exhibit the three dimensions of the fraud triangle: pressure/incentive, opportunity, and attitude/rationalization. This aspect will be explored in more depth in the discussion section. The next section explores the mitigating explanations provided by the members for their unethical behaviors.

5.5 | What type of mitigating explanations did PABs' members provide against their exclusion?

In this section, we explored whether cases displayed any mention of "special circumstances" that are brought forward in the case, either by the defendant as explanation or defense, or mentioned by the committee in its sentencing. These reasons were frequently brought forward by the defendants to explain and excuse their actions, and thereby "potentially lessen accountability". We classified these into four distinct categories. Panel B shows that these reasons were provided in only 21% of cases across all professional bodies. There is an even split amongst the categories, but with personal circumstances (36%) being clearly the

most frequent. Reasons cited often include family or mental health issues that caused stress to the individual and thereby triggered their unethical behavior. These reasons often have influence on grave ethical violations. This may indicate that personal problems or challenges, depending on their nature and gravity, can significantly override the ethical intentions of members, and their behaviors. Especially, when combined with the fact that nearly all of the cases have no prior disciplinary records. This is an interesting finding, potentially pointing to situational factors that may change a person's behavior. Yet, these situations cannot excuse unethical behaviors.

The second most frequently cited excuse (24%) in the defense of severe unethical behavior is work pressure or work stress that caused the individual to engage in unethical behavior. These include feeling overworked or trying to stave off the potential threat of insolvency of a business or bankruptcy of their own practice. Several studies have reported that auditors and accounting related fields experience significant work life balance issues and workload pressures which may negatively affect their work and behavior, and lead to undesirable outcomes (e.g., Buchheit et al., 2016; Lopez & Peters, 2012; Sweeney & Summers, 2002).

Financial reasons (for instance, facing financial difficulties), found in 20% of all cases, are another strong factor pushing unethical behavior. This may suggest that, the more in financial trouble the individual finds himself, the higher the pressure to engage in unethical behavior. The cases in the sample tended to center on unethical actions taken due to debt or other negative external financial pressures that made the individual disregard ethical standards in order to address those issues. Health reasons can be found in also 20% of the cases. These were usually brought up to explain that, due to bouts of illness or ill health, behavior was out of order and not typical for the individual. Fourth, the majority of defendants are cooperative and, to varying degrees, admit their wrongdoing. Hence, there seems to be some degree of realization of wrongdoing and acknowledgement of having to face the consequences amongst those individuals.

6 | DISCUSSION

Ethics is often noted as one of the cornerstones of the accounting profession and one usually claimed to support their professional status, and to emphasize their public interest credentials (Higgs-Kleyn & Kapelianis, 1999; Ghaffari et al., 2008; Mescall et al., 2017; Puxty et al., 1994). Yet, there is a growing perception that accountants demonstrate some disturbing ethical breaches (Sikka et al., 2018). Against this background, our study focused on the

nature of unethical behavior by members of the UK's PABs leading to expulsion from membership. We relied on the case evidence published by the PABs and we developed an analytical framework that helped us to unpack the features, frequency, justification and mitigating narratives surrounding these severe unethical behaviors.

We found that criminal convictions and breach of ethical guidance are the two major causes of exclusion. In this sense, we found that in several cases (43.2%), members who were excluded by the PABs for unethical behavior had been convicted of a criminal offence or a police caution before their exclusion. It could be argued that the PABs are justified to exclude these members automatically on the basis that their behavior brings the profession into disrepute. However, the fact that the PABs are acting after the event also raises two important issues. On the one hand, our findings highlight what Cowton (2009, p. 184) called 'Tidying up' by the PABs in disciplining members and enforcing the ethics code. This refers to the situation where the PABs are more or less sanctioning members who have already been found guilty of a criminal offence and therefore, as such, it would simply be a necessary action for PABs to remove them from membership. This would, however, not be of real importance for maintaining professional ethics. Similarly, our findings reinforce Parker's (1994) view of enforcements as "Disciplinary symbolism" where enforcements and professional ethics serve to protect the profession's private interests, by demonstrating their capability to self-regulate; but they also demonstrate the private interest roles of self-control and socio-economic status preservation at work (Canning & O'Dwyer, 2001; Mescall et al., 2017). This is because having convicted members within their ranks does not "look good" to the outside and works against their claim of ethical behavior and self-regulation. It would then seem that excluding convicted members is simply a matter of self-interest (Sikka, 2001).

Similarly, we found that top level executives in non-accounting/auditing industry and director or principal of their own practice together make up about a quarter (26%) of all cases. This indicates that unethical behaviors are more prominent amongst members in higher hierarchy in their respective organizations. This suggests that they probably have a higher level of behavioral control and power, and are subject to less supervision within their organizations. These situations provide them the opportunities to undertake unethical behavior. Our results are consistent with prior research that suggests that higher unethical behavior is associated with experience and seniority in the auditing firms (Bampton & Cowton, 2013). Similar findings have been reported in respect of accountants (e.g., Etherington & Hill, 1998; Ponemon & Gabhart, 1993). Our findings suggest that ethical misbehaviors were more pronounced in the earlier years of membership and then

tapering off. This is in contrast to the findings that suggest that the moral and ethical reasoning ability of accountants decreases with age and experience (e.g., Bampton & Cowton, 2013; Ponemon & Gabhart, 1993).

We found that unethical behavior was more pronounced amongst sole proprietorship practices. This finding is consistent with the "flying under the radar" perception whereby PABs members with sole proprietorship practice may feel they are not in the public glare and therefore not subjected to intense scrutiny compared to the big auditing firms and this may provide an incentive for unethical behavior. Further, extant studies have highlighted the importance of a corporate environment that enhances the compliance with ethical requirements (e.g., Eynon et al., 1997; Jones & Hildebeitel, 1995). It could be argued that sole practitioners may be susceptible to ethical breaches due to lack of an appropriate enabling environment which may compound the pressure to compromise ethical standards. Similarly, Carpenter and Reimers (2005) argue that the attitude (tone at the top of the company) is the most important factor influencing ethical behavior, which further highlights the additional challenge faced by sole practitioners from being on their own.

We found evidence of rationalization of unethical behavior by the culprits. This is where individuals provide self-serving explanations for legitimizing their behaviors. We found that perpetrators often have a repeated and prolonged spell of unethical behavior before being caught, and these often involved multiple infringements. Although they may be first time offenders, they tend to have extended periods of these behaviors. This could be indicative of a rationalizing and legitimizing behavior. Thus, it would seem that the required cognitive processes have taken place to legitimize the behavior if it continues either repeatedly or over a longer period. The majority of the individuals in our sample admit their wrongdoings. They often readily cooperate with the investigations and disciplinary committee, which suggests that an eventual reckoning has taken place and the individuals have realized their actions as unethical. Another interesting observation is that 97% of our cases are by first-time offenders. Although Cressey (1953) argues that this group would tend to blame situational factors instead of themselves, the overall low prevalence of such factors brought up in the individuals' defense in our sample (21%) does not fully support this point.

7 | CONCLUSION

Unethical behavior by accountants who should ideally ensure the credibility of the corporate reporting process poses a significant danger to the smooth working of the financial system. Professional Accounting Bodies (PABs)

have a duty to make sure their members uphold the highest standard of ethical behavior. The PABs can impose several sanctions on their misbehaving members with the highest possible sanction being exclusion from membership, which reflects the significance of the infringements. Whilst earlier studies have examined PABs' disciplinary procedures, particular attention has not been paid to the nature of infringements that lead to exclusion from membership. Expulsion from membership of a professional body has grave consequences for the individuals involved but could also be detrimental to the image of the PABs and could cast doubt on their legitimacy and self-regulation status. The accounting profession is central to the efficient functioning of the financial market and the economy as a whole. The public expects the profession to be above board in its professional duties and ethical behavior. However, recent events globally and nationally such as the Carillion and Patisserie Valerie cases cast doubts on the public interest credentials of the PABs.

Using the fraud triangle theoretical lens and an interpretivist research paradigm, based on the online data from the disciplinary case files of the four PABs in the UK, this study explored the prevalence, type and mitigating circumstances for the severe unethical behaviors by members of the PABs in the UK. Our analysis revealed a number of important points. At the macro level, 38.3% of all disciplinary committee cases led to expulsion from membership, the most severe sanction available. Furthermore, the two major causes of members' exclusion are criminal convictions and breach of ethical guidance. Thus, essentially 98% of all cases relate to an individual's behavior, attitude, or mind set when carrying out unethical actions. By contrast, insufficient quality of work, such as incompetence or lack of knowledge, are the cause for exclusion in only 2% of cases. This suggests that the technical training provided and the skills required as condition of membership are of adequate standard. Thus, it is the ethical training and the instilling of the importance of ethical behavior that seems to be the issue. We also found that it was only one "bad" action that led to exclusion in the majority of situations (64%) although, in a significant minority of cases (36%), more than one section of the ethical code was violated by a member's actions.

Our findings provide an important support and extension of the applicable context for the fraud triangle. We found that all the three dimensions of the theory are present in our case files: (1) pressure/incentive, (2) opportunity, and (3) attitude/rationalization. There are clear indications that these factors are at play in these cases although at varying levels of intensity. For example, we found that the largest percentage of misbehavior (23%) occurs within the group of sole practitioners. This is not surprising since working alone was shown to raise addi-

tional challenges to individuals to comply with ethical behavior compared to working with others in larger practices (e.g., Eynon et al., 1997; Jones and Hildebeitel, 1995). This group was also shown to face higher pressure to win or retain clients to keep fee income, hence being more incentivized or susceptible to breaches of ethics codes such as compromising independence (Gibson & Frakes, 1997; Ponemon & Gabhart, 1993).

On the other hand, the results also point to a frequently mentioned weakness in the disciplinary process (e.g., Beets & Killough, 1990; Canning & O'Dwyer, 2001; Parker, 1994) whereby complaints for breaches of the ethical code and regulations need to be reported to the PABs for it to be pursued and sanctioned. The process relies on PABs becoming aware of the conviction and implies that a criminally convicted member (e.g., whether for VAT fraud or private misbehavior) may continue to be a member and practice until found out. As this may not be immediate, it raises the question of the strength of the protection of clients (and the wider society) from such unethically acting members that the public puts their trust in, reassured by PABs' claimed commitment to ethical behavior and putting client interests first. While this procedural weakness is the same for all types of misbehaviors, it is of particular concern for ethical breaches so severe (and the corresponding harm to society) that they result in the member being found guilty of a criminal offence. This raises the question of the adequacy of the PAB's disciplinary process.

Our analysis showed that there is a wide range of misbehaviors that lead to members' exclusion. In this sense, both criminal convictions and comparatively "simple" compliance failures with PABs' regulations (e.g., not filing annual returns and not responding) lead to exclusion. While on the one hand, both types are incompatible with membership of a professional body, they are also clearly different in terms of the perceived severity of failing or consequence of action (e.g., defrauding HMRC vs. non-compliance with PABs regulations). This raises the question about the underlying framework for disciplinary procedures and sanctions by the PABs. In the example above, both undoubtedly bring disrepute to the profession and the PABs, but in very different ways. Hence, it may be argued that they have been excluded for different motivations and that exclusion serves alternative purposes for the PABs. It can be argued that excluding criminals is for reputational reasons, to protect the PABs and its standing. Being seen as an organization that serves the public interest and is able to inspire trust and confidence is an important pillar in PABs' bid to special status and self-regulation (Cowton, 2009). In particular, the integrity of its people serving the public is a key part. Absent that, the legitimacy of PABs' status may be questioned. Thus, maintaining a "clean roster" of members that do no harm to society (*prima facie*

evidence of which would be a conviction in a public court of justice) has to be a priority for continued existence of the current arrangements. Excluding convicted members can therefore be seen as signaling to the outside that harm to society by its members is not tolerated, that is an expression of protecting its reputation. In addition to individual PABs' reputation, Canning and O'Dwyer (2001, p. 726) point out that 'members of a profession have a powerful long-term self-interest in maintaining the reputation of the profession as a whole'. In that light, upholding collective reputation may therefore be another incentive for PABs to exclude members harmful to society.

On the other hand, excluding members who do not comply with regulations, apart from simply being a necessity for running any organization professionally and successfully, may serve more of a signaling function to its members: To remind them of the importance of following the rules if they want to be part of a professional body and enjoy its privileges. To signal to them the consequences if they fall short. This is in line with the suggestion by Kish-Gephart et al. (2010) who, based on in their meta-analysis of unethical decisions at work, suggest linking transgressions with penalties more vividly in members' perception to foster stronger adherence to codes of behavior. PABs therefore may signal that non-adherence to their rules, no matter how basic, is not tolerated. This can build sensitivity for compliance from the most basic levels up, so that members "get trained" on this expectation and potentially refrain from higher level transgressions.

Our findings highlight, first, the need to channel additional support towards the sole proprietorship practices member given the prevalence of unethical behavior amongst this category of members in our sample. This may be in terms of creating awareness of the ethical requirements, their various dimensions in which they may be presented and the consequences of unethical behavior for membership of the PABs (Eynon et al., 1997; Jones & Hildebeitel, 1995). Second, Kish-Gephart et al. (2010, p. 20) recommend that unethical behavior may be reduced "if employees learn to associate potential unethical behavior with severe, well-defined harm (magnitude of consequences) to a familiar or recognizable victim similar to the actor (proximity)". This implies that PABs need to promote their disciplinary cases more prominently to visualize it for their members. Members need to be better aware that even a supposedly "small" issue can lead to exclusion. At present, it seems that disciplinary issues and sanctions are too abstract and too far removed from the daily practice so they are not perceived as "imminent" or "dangerous", hence failing to deter. PABs therefore should promote those areas more prominently, instead of presenting them in sub-menus on their websites, or on the less promi-

nent sections of their member magazines. This can help in raising awareness amongst members that issues such as not filing your annual returns is not simply an insignificant petty oversight to be treated casually, but something that in many cases leads to exclusion. If such awareness can be created, it may lead members to ask themselves when tempted to fall foul of regulations in certain situations: Is it worth losing your affiliation, the basis for your income, over something as petty as that? Further, given our finding of a high prevalence rate amongst sole practitioners, PABs may have to re-consider the adequacy of support available to that group of members. Bampton and Cowton (2013) highlight that for sole practitioners and small firms, acquiring and retaining clients is a fundamental task and which may make it more difficult for those practitioners not to compromise their ethical duties. More official support and exchange networks for such practitioners may help reduce pressure and, as a result, the rate of unethical decisions.

This study has a number of limitations that future studies may endeavor to address. The study is based on self-reported data by the PABs. It may be useful to gain the perspective of the victims and perpetrators themselves. This could enhance our understanding of the cognitive process that members use in the run up to their unethical behavior. Furthermore, the current study has focused on the severe unethical behavior without regard to the demographic features of the culprit. Understanding their background and their socialization process could provide additional insight to the motivation for their unethical behavior. Finally, it would be useful to explore how membership exclusion has impacted the former members of the profession and if there are lessons to be learnt from their experience.

ENDNOTES

¹ The remaining two institutes represent a different specialisation: CIMA has a stronger focus towards management accounting and industry, whereas CIPFA has its focus on the public sector and local government. Our study focuses on the four professional bodies with the authority to carry out statutory audits, hence we will not be discussing both CIMA and CIPFA.

² It is important to note that, in the fraud triangle, attitude refers to a broader concept and includes all three dimensions of the Theory of Planned Behaviour which are attitude, subjective norms and perceived behavioural control (Cohen et al., 2010).

³ The ICAEW 'Guidance on Sanctions' we used as the starting point for our coding categories is available at:

<https://www.icaew.com/-/media/corporate/files/about-icaew/what-we-do/protecting-the-public/complaints-process/icaew-guidance-on-sanctions-effective-1-july-2019.ashx?la=en>

⁴ We focus on qualified members only; we therefore do not include 164 student case exclusions we identified for ACCA.

⁵ Excluded members, however, usually have to bear the costs of the investigation and the hearing. These can be substantial.

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How to cite this article: Adelo, I., & Meier, F. (2022). UK professional accounting bodies (PAB): Members' unethical behaviours and exclusion. *Journal of Corporate Accounting and Finance*, 33, 47–64. <https://doi.org/10.1002/jcaf.22547>

APPENDIX 1

Links to disciplinary cases and decisions by professional bodies:

<https://www.accaglobal.com/an/en/about-us/regulation/disciplinary-and-regulatory-hearings/decisions-disciplinary.html>

<https://www.icaew.com/about-icaew/regulation-and-the-public-interest/public-hearings>

<https://www.charteredaccountants.ie/Professional-Standards/Public-Information/Register-of-findings-and-orders>

<https://www.icas.com/regulation/regulatory-monitoring/disciplinary-notice>

APPENDIX 2

Flowchart coding sheet development