

## Accounting Educator's Role in Preventing Corruption

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### Abstract

Accountancy profession plays a major role in detecting and reducing corruption, and accountancy profession is a crucial part of strong national governance architectures that confront corruption, in partnership with good government and strong business. Professional ethics and education are the key in tackling corruption. This simple paper will discuss accounting educator's role in preventing corruption. We know that auditor (as an accountancy profession) is produced by university, and accounting educators are included in learning process at university, so they have responsibility about corruption. Educationists have noted that school or university have appropriate settings for moral education because their main goal is student learning, and the purpose of learning is to promote students' cognitive development. Teaching values education is an essential tool for the construction of democratic and values-driven societies, and for building a strong moral foundation. Accounting educator can use Anti Corruption Education (ACE), which it's curricula may integrate the institutional level (faculty, university), the curricular level (course design, modules), and the instrumental level (specific methodologies) to create significant learning for students and generate a synergic and holistic effect on student's acquired knowledge, not only in terms of competences but also in terms of attitude.

**Keywords:** *accounting educator, corruption, values education, anti corruption education*

### Introduction

Corruption is not a new phenomenon. It is as old as the history of mankind itself and made itself visible when the institution of the government was established. No region, and hardly any country, has been immune from corruption (Glynn et al., 1997). Corruption has been variously referred to as a cancer, disease, and scourge, then billion in government resources lost on account of it – resources that would otherwise be spent on education, health, and other social programs (Neu et al., 2012). Although corruption occurs in many countries, very little is known about how it occurs, who is involved, and why it persists in the presence of apparently robust anti-corruption barriers.

Accountancy profession plays an important role in detecting and reducing corruption, and it is a crucial part of strong national governance architectures that confront corruption, in partnership with good government and strong business. According to Tomlinson (2017), professional ethics and education – at the core of the global accountancy profession – are the key to our positive impact in tackling corruption. International Federation of Accountant (IFAC) has three report series, where the third report “The Accounting Profession – Playing a Positive Role Tackling Corruption” provides a snapshot of the accountancy profession's role in the global fight against corruption (IFAC, 2017).

While the literature on corruption has adressed so many aspects of the economy, there has been little research that focused on the relationship between accounting educator and corruption. Ali and Isse (2003) find that education, judicial efficiency, and economic freedom are negatively related to corruption while a country's foreign aid dependency and the size of government are positively related to corruption. In Nigeria, Ochulor (2011) said that educational system, moral preferences, and the whole economic machinery of society stink and ooze with the stench of corruption, where every level of Nigerian society has been deeply permeated by a pervasive and debilitating culture of corruption (Nigeria has been rated as one of the most corrupt nations in the world).

Transparency International which release Corruption Perception Index (CPI), ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and business people, uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. It found that more than

two-thirds of countries score below 50 in 2018, with an average score of just 43 (<https://www.transparency.org/>).

Based on the explanation before, this paper will discuss accounting educator's role in preventing corruption. First, we will discuss accounting educator's responsibility about corruption, then we discuss about values education, and last, preventing corruption with anti corruption education.

### **Why do Accounting Educators have a Responsibility about Corruption?**

Auditing is considered as one of the eight pillars of integrity system, which can protect against corruption. Auditor has a unique position within firm as public interest representatives, monitoring and reporting an organization's compliance with established criteria. Then, the scope and extent of auditing in society is increase. While private sector financial auditing does not pay attention to corruption as a potential source of material errors in financial statement, public sector auditing has to some degree, accepted responsibility for the prevention of corruption (Jeppesen, 2018).

There are so many competing definitions about corruption. But, the definition used by accountant is what Johnston (1996) call as behaviour-focused: corruption is the abuse of public office, powers, or resources for private benefit. Aslani et al. (2011) said that auditor has a vital and very important role in assisting the agencies responsible for investigation against alleged cases of corruption. Some auditing profession (independent auditor, internal auditor, forensic accounting and auditing consultant, or performance audit activity) can serve a vital role in aiding in fraud prevention and deterrence.

Some study showed that firms with audited financial statement pay significantly lower amounts in bribes than non-audited firms (Farooq and Shehata, 2018). In public sector, it found that audit independence and audit professionalism reduce the level of country's corruption (Gustavson and Sundstrom, 2016). The same with it, in private sector, the number of accountant (Kimbrow, 2002), the presence of Big 4 accounting firm (Malagueno et al., 2010), and extensive financial reporting requirement and high litigation risk (Khalil et al., 2014) also reduce the level of corruption.

Auditor is produced by university, and accounting educators are included in learning process at university, so they have responsibility about corruption. Educationists have noted that school or university have appropriate settings for moral education because their main goal is student learning, and the purpose of learning is to promote students' cognitive development (Michael, 2012). In McPhail (1999) also said that, it is professional accountants who seem to be the main contributors to the decline in ethical standards in business. And because of low moral standards of some accountants, an increasing number of academics are suggesting that the education system should be blame.

### **Values Education**

According to Sarmini and Nadiroh (2018), one of the efforts to prevent corruption is by inculcating young generation through education that has the character of anti-corruption. Education, as a social instrument, is never an autonomous process, separate and apart from the society it serves. We need values education for the construction of democratic and values-driven societies, and most importantly, for building a strong moral foundation (Pitsoe, 2013).

Preventing and deterring corruption requires the introduction of teaching values (ethics) education at school or university as a preventive measure. Teaching values education can be used as a strategy for poverty and inequality reduction, it is also a political act that can serve to challenge, enforce or reconstruct social norms and values.

Aspin (2007) said that values education is concerned with the promotion of values – moral, social, political, aesthetic – as vital elements in programmes of education for future life. But according to Pitsoe (2013), it rather senseless to talk to students about democracy, tolerance, equality and similar values if the teachers and public officials, including politicians, are not putting these values into practice and their life. For education to be successful as an agent of social change, it must include a focus on democratic education, solution-focused critical pedagogy, popular and community-based education and multicultural education. From a critical pedagogy perspective, teachers as cultural workers can cause change to take place in the community settings.

There is no single rule or method to get effective character education. There are some basic principles, which include core ethical values as the basic of good character. For effective character education, an effective school would reinforce “good character traits” through a systematic approach that includes adult modeling, curriculum integration, a positive school climate, and access to comprehensive guidance and counseling services (Michael, 2012).

Moral education addresses ethical dimension of the individual and society, and examines how standard of right or wrong are developed. Moral education teaches core moral value such as honesty and responsibility, care and help to raise morally responsible and self-disciplined citizen. In developing good moral character, it is important to think about problem solving, decision making, and conflict resolution. Good role modeling in the classroom and out in the community is important too, because through role playing and discussion the student can see how their action and decision affect other people in society. So, morals are caught, not taught, and classroom life is saturated with moral meaning that shapes students’ character and moral development.

Values education, as a tool for social change, becomes a valuable tool for helping to bring out democratic values and behaviours. So, teaching values education has a role in curbing corruption and fighting poverty.

### **Preventing Corruption with Anti Corruption Education**

Anti Corruption Education (ACE) is a subset of Business Ethics Education (BEE), which is rely predominantly on the application of moral philosophy with value judgment or on the application of legal and compliance driven governance theory with utility calculations. The moral approach refers to a philosophical framework or a religion or social norms; the instrumental approach refers to rational calculation of benefits (Hardi, 2017).

Actually, Anti Corruption Education is part of a complex system that includes business, governmental, and other nonbusiness drivers such as an increasingly globalized market economy, national and international formalized legal systems, institutional and administrative governance structures, formal and informal social and cultural factors, including educational systems. So far, International Anti Corruption Academy (IACA), a new international educational institutions have been established, with offering curricula to a global audience (<https://www.iaca.int/master-programmes.html>).

In order to achieve the goals and how to teach in Anti Corruption Education, Hardi (2017) said there was a broad variety of methods, such as traditional methods (lectures and seminars, guest presentations) and methods that apply new pedagogical tools such as the application of simulation and situation games, action learning, or online teaching methods. Anti Corruption Education is based on the assumption that, similarly to a globally applicable and relevant content, certain methodologies that have a key role in ACE are also applicable globally.

About modular structure, there are two rationale reasons in justifying the choice of a modular outline. First, in order to cover as many of the different topics that characterize the complex field of corruption and anti-corruption, the adoption of a series of modules, arranged as core courses and electives in degree education or as different training blocks in nondegree education, seems to be the optimal solution. Secondly, the regional specificities of anti-corruption actions require a satisfactory degree of case studies and literature specialization on different regions (Hardi, 2017).

Sarmini and Nadiroh (2018), who made a research about anti corruption teaching material found that, teaching materials Anti Corruption Education (ACE) is needed to foster anti-corruption culture in young generation especially with learning activities. The aim is creating anti-corruption culture to students, and anti corruption education can be applied in their life.

Because of ACE’s purpose is preventing and/or solving the problems and distortions generated by corruption, its main implicit presumption is that education is a necessary condition for reducing corruption. Then, the first starting point here is “the analysis of corruption” and the understanding of the distortions and damages that it causes in business and society. An effective ACE is impossible without a thorough understanding about the causes, institutions, mechanisms and motivations for

corruption. The second starting point is “the definition and analysis of anti-corruption” to design an appropriate and efficient strategy and content for ACE. It will help in defining the appropriate forms, mechanism and efficient tools of anti-corruption activities. And last, the third starting point of ACE is “an ever-growing global demand” from the public, private and nonprofit sector for practitioner and business manager who have necessary knowledge, skill and value to counter negative impact of corruption (Hardi, 2017).

How about the content? ACE require a multidisciplinary approach and a changed content. The curriculum framework give anti-corruption issues at the interface of the macro environment within which any business operates and the micro environment inside the firm. The macro environment defines the different economic, legal, political and policy issues that influencing anti-corruption. While the micro environment represents the management challenges for the firms and their leaders, and it also defines leadership approaches, corporate culture, compliance systems, and the importance of risk assessment against corruption.

In their class, depend on the subject/course, accounting educators can teach the macro environment (extra-firm areas) include this following issues: political, policy, legal environment of market, the social and cultural dimension of global management, and behavioral root causes of fraud and corruption. They also teach the micro environment (intra and interfirm areas) that deal with the following issues: legal and market instruments in controlling corruption, how to build an anti-corruption culture at firm, the role of corporate governance in controlling corruption, managing corruption risk in business transaction, compliance system and enforcement.

It was suggested that accounting education may operate in a hegemonic way by constructing individuals who exert control again themselves. It means that accounting educators could begin to conceptualise how they might be able to challenge the hegemony of rationality within accounting education through reclaiming the importance of critical pedagogy as an eminently political discourse and practice (McPhail, 1999).

## **Conclusions**

Now, the strategy to counter corruption is a top priority in policies around the world. One of the efforts to prevent it is by inculcating our students (at school and university) through education with anti-corruption character.

Setó-Pamies and Papaioikonomou (2016) said that Anti Corruption Education curricula may integrate the institutional level (faculty, university), the curricular level (course design, modules), and the instrumental level (specific methodologies) in order to create significant learning for students and generate a synergic and holistic effect on student’s acquired knowledge, not only in terms of competences but also in terms of attitude.

We can see the most relevant example in ACE applying is the activity of Principles of Responsible Management Education (PRME), that built a Working Group on Anti-Corruption in Curriculum Change. PRME had prepared an anti-corruption toolkit for global use in ACE and published it in 2013.

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