

THE POWER  
OF ONE



# The Right, the Good and the Virtuous

ABRIDGED VERSION





## THE POWER OF ONE

The Power of One calls on all CAs to place ethical leadership at the heart of their professional responsibilities, to shape the culture and values of their organisations, to help re-establish ethics at the core of business practices and to rebuild public trust in business.

In turn, ICAS is committed to providing new resources and support for members on ethics. Since 2015, ICAS has published a series of publications, guidance and resources as part of the Power of One initiative.

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# The Right, the Good and the Virtuous

The ICAS Ethics Board has published the guidance paper – **‘The Ethical Journey – The Right, the Good and the Virtuous’** - to help ICAS Members make the ‘journey’ from identifying an ethical dilemma to its resolution. For convenience, this document provides a summary of the key points within the full guidance paper.

## The Power of One

ICAS’s **The Power of One**<sup>i</sup> business ethics initiative calls on all CAs to take personal responsibility for demonstrating the highest standards of ethical behaviour throughout their career, and to place ethical leadership at the heart of their professional responsibilities.

Ultimately, the five fundamental ethics principles within the ICAS Code of Ethics (‘the Code’)<sup>ii</sup> - Integrity; Objectivity; Professional Competence and Due Care; Confidentiality; and Professional Behaviour - should underpin the CA’s approach to any ethical dilemma, and the ethical decision making process.

ICAS recognises that CAs can face difficult professional decisions on a daily basis - that it is not always easy ‘to do the right thing’ - and therefore the ICAS Ethics Board has developed the following ‘aide memoire’ to help CAs navigate through and resolve ethical dilemmas:

**For a Member of ICAS, ethics includes the consideration of the right, the good, and the virtuous actions to take in a particular circumstance, reaching a judgement, and having the resolve and courage to act accordingly.**

This aide-memoire takes inspiration from a definition of ethics<sup>1</sup> by Dr David W. Miller, Director, Princeton University Faith and Work Initiative – ‘the right, the good and the fitting’ – and his related “Three Lenses Ethical Decision-Making Framework<sup>©</sup>”; however, it has been tailored to take into consideration the ethics principles within the ICAS Code of Ethics to make it particularly relevant to the ICAS membership. We are very grateful to David for his guidance and significant contribution to our debate.

[1 Definition of Ethics by Dr David W. Miller, Director, Princeton University Faith and Work Initiative: “Ethics is the art and discipline of discerning the Right, the Good, and the Fitting action to take, and having the creativity and courage to do it.”](#)

## The Right, the Good, and the Virtuous

There are many theories, or ‘schools’, of ethical thought. However, for practical purposes, the three schools that have traditionally been viewed as the primary lines of ethical thinking have been used for this aide-memoire. These three schools, identified as ‘the right, the good and the virtuous’, serve to highlight that when faced with an ethical dilemma, there are a range of factors that people can consider in order to aid with the resolution of an ethical issue. Each is discussed in turn below.

**The Right: What are the technical aspects, laws and standards? Are there specific requirements in the ICAS Code of Ethics?**

‘The Right’ focuses on laws, duties, rights and obligations. In the first instance, a CA must consider the technical aspects of any given situation - the applicable laws, codes, regulations and standards.

If a CA is of the opinion that a proposed course of action is illegal, then that action cannot be taken.

Similarly, a Member of ICAS must also observe any requirements within the ICAS Code of Ethics (highlighted in the Code by the word 'shall'), and adhere to the five fundamental ethics principles. Whilst not a legal requirement, adherence to the ICAS Code of Ethics by CAs is required in order to meet the obligations of their profession, and failure to follow the Code may lead to disciplinary action under the ICAS Rules.

**The Good: Who will be affected? What are the anticipated (quantifiable and non-quantifiable) consequences?**

'The Good' focuses attention on the consideration of the consequences of an action. People often refer to the idea of the 'common good', although this term is difficult to define. The public interest remit of ICAS as set down in its Royal Charter – which underpins the broad obligation that the profession should act in the public interest – possesses some similarities.

The fundamental ethics principle of 'objectivity' comes to the fore in these considerations. 'The Good' guides the CA to objectively reflect upon the anticipated consequences of one's actions; to consider who might be affected by the decision; to make value assessments between good and harm, cost and benefit. For example, if the CA faces a situation where two projects appear to be equally sound but one has more beneficial consequences, for example involving fewer redundancies or being more environmentally friendly, then a consideration of consequences could help to inform the decision.

**The Virtuous: What are my values? What are my organisation's ethical policies and values? What feels appropriate?**

'The Virtuous' focuses on 'values' and 'virtues', and directs attention to consideration of the most appropriate action to take. Values that could be classified as 'virtues' that are commonly identified with accounting include integrity, objectivity, honesty, reliability, independence and trustworthiness. With effect from 1 January 2021, the ICAS Code of Ethics highlights the importance of CAs respecting values of equality, diversity and inclusion. These amendments do not represent a change in the substance of the Code but do highlight that upholding these values is in the spirit of what it means to be a Member of ICAS.

Similar values may also be reflected in the ethical policies and 'values' of the organisation for which the CA works, and may also therefore be a source of guidance when the CA is facing an ethical dilemma.

Something may be within the law, the potential 'good' may outweigh the 'harm', but that does not necessarily mean that a particular course of action is the most appropriate if it does not marry with the individual's, or their organisation's, values or reputational risk appetite.

The virtues therefore also provide a context for evaluating the threat to reputation, both individual and organisational, in difficult situations. If a proposed decision or course of action is incompatible with any of the virtues one claims to have and employ, it ought to be avoided.

**Consideration, judgement and courage**

Each individual 'school' provides a useful perspective for making ethical decisions. However, all also have their limitations. There may not always be an easy, or obvious, solution. The three 'schools' may not always point to a common answer as to what is the most appropriate ethical action to take in a given circumstance but, nevertheless, each provides a perspective to be taken into account in reaching a judgement.

A CA must follow the law and the ICAS Code of Ethics, however, many ethical dilemmas are not directly addressed by either of those. The ‘three pronged’ approach highlights that all three ‘schools’ therefore need to be considered together to find a solution to an ethical dilemma that is, on balance, the most appropriate/justifiable, taking all circumstances and considerations into account.

However, once a judgement has been made as to the ethical course of action, often the difficulty then lies in actually carrying out that action. It is recognised that Members will often need to have resolve, and moral courage, to ensure that the most appropriate judgements are arrived at, and that the most appropriate actions follow. ‘Doing the right thing’ may not be easy; but it also needs to be recognised that if a CA suspects impropriety and does nothing they could be implicated in a scandal at a later date. ‘Turning a blind eye’ could be a reputational disaster for both the individual and the organisation for which they work.

Sometimes it can help to speak with others regarding a situation rather than facing a problem in isolation. Members are therefore encouraged to seek the views and support of others if they feel the need arises – be that a line manager, a partner in one’s firm, other directors on the Board, another CA in the organisation, another CA elsewhere, or indeed ICAS itself.

Documentation throughout the ethical decision making process is also encouraged so that there is a record of the issue and the matters taken into consideration in reaching the judgement and action, and particularly in extreme circumstances if there is any doubt as to whether the law or the ICAS Code of Ethics has been followed.

ICAS has published an **Ethical decision- making framework**<sup>iii</sup>; case studies<sup>iv</sup>, including CAs’ real-life ethical dilemmas featured within the **ICAS Speak up? Listen Up? Whistleblow?**<sup>v</sup> research; and a series of papers on ethical leadership as part of **The Power of One** campaign<sup>vi</sup>, which can be used as a point of reference. The ICAS Ethics Helpline Service<sup>vii</sup> provides guidance to Members as required, and ICAS is also partnered with whistleblowing charity Protect, to provide Members and students with access to an independent, confidential helpline<sup>viii</sup>. This service offers free advice regarding whistleblowing and speaking up.

# Conclusion

The aim of the aide-memoire is to draw Members' attention to the fact that there are different ways of looking at ethical dilemmas, and how people make decisions – that there are a variety of ethical perspectives which might be useful when thinking about an issue. It is hoped that this framework for analysis will encourage Members to pause for thought, and to reflect, and thereby broaden their perspective when facing an ethical decision, and aid their ethical decision making process.

# The Ethical Journey

Documentation is encouraged throughout the ethical decision making process

The Ethical Dilemma

Consider Consulting with Others

Consider  
The Five Fundamental Ethics Principles –  
Integrity, objectivity, professional competence and due care, confidentiality and professional behaviour

**The Right**  
What are the technical aspects, laws and standards? Are there specific requirements within the ICAS Code of Ethics? Consider the relevant technical guidance, laws, standards, regulations and codes

**The Good**  
Who will be affected? What are the anticipated (quantifiable and non-quantifiable) consequences?

**The Virtuous**  
What are my values? What are my organisation's ethical policies and values? What feels appropriate?

Consider Consulting with Others

Determine Ethical Decision and Act Accordingly



# Endnotes

- i <https://www.icas.com/professional-resources/ethics> (accessed 16 October 2020)
- ii <https://www.icas.com/professional-resources/ethics/icas-code-of-ethics> (accessed 16 October 2020), ICAS Code of Ethics
- iii <https://www.icas.com/professional-resources/ethics/consultation-and-responses/ethical-decision-making-framework> (accessed 16 October 2020), 'Ethical Decision Making Framework', Published by ICAS
- iv <https://www.icas.com/professional-resources/ethics/Publications-and-guidance/ethics-case-studies> (accessed 16 October 2020)
- v <https://www.icas.com/professional-resources/ethics/Publications-and-guidance/speak-up-listen-up-whistleblow-in-their-own-words-insights-into-the-ethical-dilemmas-of-icas-members>, (accessed 16 October 2020), "Speak up? Listen up? Whistleblow? A survey of ICAS members", Paisey, C, Paisey NJ and Tsalavoutas, I (2019) and "Speak up? Listen up? Whistleblow? In their own words – Insights into the ethical dilemmas of ICAS members", Paisey C (2019)
- vi <https://www.icas.com/professional-resources/ethics/Publications-and-guidance/the-power-of-one-publications> (accessed 16 October 2020)
- vii <https://www.icas.com/professional-resources/ethics/resources-and-support/icas-ethics-helpline-service> (accessed 16 October 2020)
- viii <https://www.icas.com/professional-resources/ethics/resources-and-support/protect-ethics-helpline-independent-whistleblowing-advice-for-chartered-accountants> (accessed 16 October 2020)

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It should be noted that the above individuals were acting in their personal capacity and were not representing the organisation for which they work.

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