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# POPE FRANCIS TELLS ACCOUNTANTS TO BECOME CREATIVE\*

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*Dov Fischer*

**Abstract:** In November 2014, Pope Francis addressed the World Congress of Accountants in Rome and called on the profession to go beyond accomplishing its duty with competence and wisdom. This study draws insights from Francis's speech on how spirituality can expand the scope of accounting ethics from mere integrity, honesty, and professionalism to grander aims such as creativity, human development, and social solidarity. Recent studies show that workers and companies with a spiritual orientation perform better than peers and that spirituality fosters creativity. We also discuss how lessons from Francis's speech can take place in a classroom setting and some real-world applications of those lessons.

**Keywords:** *Pope Francis, accounting ethics, creativity, spirituality, solidarity, counsel interpretation, virtue of work, reasonable choices.*

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## I. INTRODUCTION AND MOTIVATION

For more than two decades, academics and business thought-leaders have been calling for a reintroduction of spirituality in the workplace and in the classroom. Ian Mitroff and Elizabeth Denton observed that organizations, as well as individuals, often embrace spirituality after a crisis which serves as a defining moment.<sup>1</sup> In the wake of the accounting scandals of the previous decade, the accounting profession has surely met this crisis threshold to consider embracing spirituality.<sup>2</sup>

This essay addresses a basic question faced by accounting educators and professionals who seek to incorporate spirituality into the classroom or workplace. Accounting, after all, deals with facts and standards; so what role can spirituality play in a curriculum and profession that is circumscribed by *rules*? Even accounting *ethics* is dominated by this rule-based approach, and these rules are almost always of the negative type (i.e. avoidance of conflict of interest). Spirituality, on the other hand, evokes a *positive* and *creative* disposition.

The term *spirituality* suggests that there is more to ethics than the mere avoidance of the bad. The term spirituality evokes a positive and creative disposition towards the performance of one's professional duties. It suggests that accountants can serve society in ways that go beyond merely providing transparent, unbiased information to decision makers. A spiritual orientation suggests that accountants can provide creative solutions to society's most pressing problems. How can accountants step into such a leadership role without forsaking their core competence of measuring and reporting financial information in an unbiased manner?

This essay answers these questions in the context of a classroom discussion of Pope Francis's speech to the World Congress of Accountants in November 2014.<sup>3</sup> The key insight from the pope's speech is that spirituality can unleash a creative revolution in the accounting profession, which will lead it to "go beyond" professional duty to use "that creativity which

<sup>1</sup> *A spiritual audit of corporate America: A hard look at spirituality, religion, and values in the workplace* (San Francisco: Jossey-Bass, 1999).

<sup>2</sup> Dov Fischer and Hershey Friedman, "Is accounting education failing students? The case for a skills-based curriculum of C+1," *Journal of the CPA Practitioner* 7 (2015): 5-8.

<sup>3</sup> Pope Francis Speech – 14 November 2014 (World Congress of Accountants) [http://www.wcoa2014rome.com/media/Pope\\_Francis\\_Speech\\_EN.pdf](http://www.wcoa2014rome.com/media/Pope_Francis_Speech_EN.pdf)

allows you to find solutions in standstill situations; to make prevail the reasons of human dignity over a rigid red tape".<sup>4</sup>

Francis challenged the accounting profession to elevate its self-view from mere *measurers and reporters* to that of *counselors*. To realize its potential, the profession must move beyond merely reporting information; it must creatively *interpret* this information in a way that will empower decision makers to make *reasonable* choices.

Pope Francis did not explicitly use the term *reasonable choices*, but he alluded to the notion that not all decisions can be reduced to a *rational* choice. The term reasonable choice was introduced by Moses Pava as a counterpart to the supposed ideal of rational choice, the latter being the ideal of neo-classical economics.<sup>5</sup> *Rational* choice implies a *single* correct solution to an economic problem or question, with self-interest as the primary driver of rationality.

On the other hand, proponents of social responsibility (CSR) do not see matters that simply. While they too recognize that individuals and companies must act in their self-interest, the CSR orientation differs from the neo-classical one in that CSR views the typical economic problem as having more than one reasonable solution that will preserve the owner's self-interest. CSR also appreciates that economic data are not based on purely objective facts but are themselves based on various estimates. Usually more than one course of action is *reasonable* based on the information at hand. In such circumstances it is the accountant's responsibility to communicate to decision makers that the data suggest *several* courses of action and to steer the decision-making process in the direction of social solidarity. For example, accountants can explain how seemingly objective economic data, such as pension obligations, are in fact based on tenuous estimates, and that changes in estimates can lead to other reasonable choices.<sup>6</sup> Accountants can and should convey that financial data is based on estimates and assumptions. Accountants should encourage and empower decision makers to balance economic facts with considerations of social solidarity.

<sup>4</sup> Francis speech

<sup>5</sup> "Spirituality In (and Out) of the Classroom: A Pragmatic Approach," *Journal of Business Ethics* 73 (2007): 287-299.

<sup>6</sup> Attracta Mooney, "US faces 'disastrous' \$3.4tn pension funding hole," *Financial Times* (April 10, 2016). <http://on.ft.com/1NsYPQ2>

The notion that accounting can and should relate to spirituality is very old. In antiquity accounting was the domain of palace and temple scribes.<sup>7</sup> Modern accounting began during the Italian Renaissance with the insight that every transaction has at least two accounts, and usually one of the accounts is profit or loss. These Italian merchants were deeply religious and viewed accounting transactions as moral decisions. Throughout history, only cultures that viewed accounting as a form of moral engagement were able to use financial accountability to promote trust.<sup>8</sup>

In using the term spirituality I do not refer to a specific religious, moral, or cultural tradition. Rather, I refer to the recognition by employers and professions that its employees and members have deeply held convictions that can actually improve their ethical work performance. While these convictions are necessarily somewhat diverse, they represent a greater purpose that can and should be harnessed to make the workplace more effective and ethical. By tapping into employees' spiritual motivation, employers can unleash a tsunami of creativity.<sup>9</sup> Pope Francis stresses the importance of creativity for accountants. Ironically, accountants themselves tend to downplay creativity as an important professional skill. However, Francis is correct in that creativity is in fact an essential skill for ethical and effective accounting.<sup>10</sup>

If we accept the value of spirituality and creativity in the accounting profession, the challenge remains how to introduce these topics into the classroom. Students vary widely in their range and levels of spiritual sensitivity, so the introduction of spirituality into the classroom is a challenging balancing act. The professor must lead the class discussion in a

<sup>7</sup> Dov Fischer, "Effective Leaders Want External Auditors and Internal Controls- Examples from the Bible," *SS International Journal of Economics and Management* 3 (2013): 38-51.

<sup>8</sup> Jacob Soll, *The Reckoning: Financial Accountability and the Rise and Fall of Nations* [New York: Basic Books, 2014], xvi.

<sup>9</sup> Fahri Karakas, "Spirituality and performance in organizations: A literature review," *Journal of Business Ethics* 94.1 [2010], 89-106.

<sup>10</sup> Curtis J. Bonk and G. Stevenson Smith, "Alternative instructional strategies for creative and critical thinking in the accounting curriculum," *Journal of Accounting Education* 16 (1998), 261-293; Stephanie Bryant, Dan Stone, and Ben Wier, "An Exploration of Accountants, Accounting Work, and Creativity," *Behavioral Research in Accounting* 23 (2011): 45-64; Dov Fischer, "My Spiritual Odyssey as an Accounting Professor," *Journal of Ethics and Entrepreneurship* 6 (2016): 5-12; Dan Stone, "Why markets and clients need creative accountants," *TEDx* (2011). [youtu.be/FsqkwS88Rhg](https://youtu.be/FsqkwS88Rhg).

Socratic manner, but the spiritual insights and breakthroughs must ultimately come from the students themselves.<sup>11</sup> The end of this essay contains a self-assessment of how the author integrated a discussion on spirituality and creativity in a graduate accounting class. The context was a class discussion of the Francis speech.

This essay has two objectives. The primary objective is to draw insights from Francis's speech on how spirituality has the potential to expand the scope of accounting ethics from "integrity, honesty, and professionalism" to "creativity, human development, and social solidarity". The secondary objective is to discuss practical implications of Francis's insights for how the accounting practitioner and educator can integrate spirituality and creativity into the practice of accounting.

The rest of the paper is organized as follows. Section II provides a definition of spirituality; compares and contrasts spirituality with religion; reviews the literature on links between spirituality and creativity; and reviews some of the literature calling on a spiritual renaissance at work and in the classroom. Section III presents Francis's speech, accompanied by insights gleaned by both students and the author during the class discussion. Section IV summarizes these insights on how spirituality and creativity can transform the accounting profession; and presents pedagogical lessons derived from the classroom experience, as well as two real world applications for professional accountants.

## II. BENEFITS OF SPIRITUALITY IN THE WORKPLACE

### A. WORKING DEFINITION OF SPIRITUALITY

Organizations that are concerned with integrity and taking care of all stakeholders – employees, customers, suppliers, the community, the world, the environment, and shareholders – will find that they have created a spiritual workplace. Numerous articles have been written about the spiritual workplace. A key characteristic of a spiritual workplace is that employees feel that their work is meaningful. Louis Fry (2003) states that workplace spirituality involves "creating a vision wherein organization members experience a sense of calling in that their life has meaning

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<sup>11</sup> Pava, "Spirituality In (and Out) of the Classroom: A Pragmatic Approach".

and makes a difference.”<sup>12</sup> After reviewing 140 papers dealing with spirituality at work, Karakas concludes that: a) Spirituality enhances employee well-being and quality of life; b) Spirituality provides employees a sense of purpose and meaning at work; c) Spirituality provides employees a sense of interconnectedness and community.<sup>13</sup> These individual benefits from spirituality translate into advantages for employers. Companies with spiritual values perform better than those without.<sup>14</sup> Employees of companies with spiritual values are more loyal, productive, engaged, and creative than at other companies.<sup>15</sup> This study stresses the link between spirituality and creativity. By potentially unleashing the creative potential in employees, spirituality helps build learning organizations.<sup>16</sup>

The word *spirituality* conveys a belief that there is more to our existence than physical, material and observable properties; that there is a higher, intelligent and benevolent power which connects people to one another and to nature. Pava provides the following definition of spirituality that is suitable for a professional and classroom context:

An experience of blending integrity with integration through acceptance of the past, commitment to the future, reasonable choice, mindful action, and continuous internal and external dialog.<sup>17</sup>

The premise of this essay is that spirituality can unleash professional creativity, which can in turn generate solutions that benefit both the individual firm and society as a whole. In examining Pava's definition of spirituality, it is apparent that spirituality is pregnant with the promise of creativity.

<sup>12</sup> “Toward a theory of spiritual leadership,” *Leadership Quarterly* 14 (2003): 693-727.

<sup>13</sup> See also Eric Dent, Eileen Higgins, and Deborah Wharff, “Spirituality and leadership: An empirical review of definitions, distinctions, and embedded assumptions,” *Leadership Quarterly* 16 (2005): 625-653.

<sup>14</sup> Mitroff and Denton, “A spiritual audit”; Ibid, “A Study of Spirituality in the Workplace,” *Sloan Management Review* 40 (1999): 83-92; C. Jurkiewicz and R. Giacalone, “A values framework for measuring the impact of workplace spirituality on organizational performance,” *Journal of Business Ethics* 49 (2004): 129 -142.

<sup>15</sup> R. Gross and B. Holland, *Corporate social responsibility and employee engagement: Making the connection* (2011). Retrieved from [http://www.mandrake.ca/bill/images/corporate\\_responsibility\\_white\\_paper.pdf](http://www.mandrake.ca/bill/images/corporate_responsibility_white_paper.pdf)

<sup>16</sup> Peter Senge, *The fifth discipline* (New York: Doubleday, 1990).

<sup>17</sup> “Spirituality In (and Out) of the Classroom: A Pragmatic Approach”.

Table 1 outlines how these elements of spirituality are closely tied to creativity. First, the basic ingredients for spirituality – integrity and truth – are also basic pre-requisites for creativity. An ability to connect to others and to aspects of oneself allows for creative links and connections between seemingly disconnected ideas or facts. The acceptance of past events and mistakes allows one to improve. People must also be *motivated* to think creatively, and this motivation must come from a *commitment* to a sustainable future. The creative mind must also be open to the possibility that many *reasonable* solutions exist, rather than cling to an elusive ideal of a single, perfect *rational* solution. Self-awareness of oneself and one's environment allows the creative individual to transcend the status-quo by recognizing it as just one of many possibilities. Finally, the ability to effectively communicate with others allows for a transformation into a "learning organization."<sup>18</sup>

The integration of spirituality into accounting sometimes draws protests, considering that financial reporting must conform to generally accepted accounting practices and standards. *Critics may ask*: Can spirituality, which is inherently subjective, have any place in a profession such as accounting which, particularly in the U.S., is rules-based?<sup>19</sup>

Francis's speech addresses this question. It is true that fundamentally, accountants must present unbiased facts, even if those facts can have negative consequences on social solidarity. Nevertheless, accountants know better than anyone that accounting information for the most part does not represent actual objective *facts*.<sup>20</sup> So while accountants have a responsibility to present financial statements according to accepted standards, it behooves them to communicate the *limitations* of those statements in guiding decision makers to make socially responsible choices. For example, a manufacturing company might be experiencing diminishing profit margins, thus causing investors to clamor for a shift of jobs to lower paying countries. However, the accountant may know that the diminished profit margins actually reflect depreciation costs on plant and equipment, and that those costs might not be avoidable if the company

<sup>18</sup> Senge.

<sup>19</sup> U.S. generally accepted accounting principles (GAAP), which are promulgated by the U.S. Financial Accounting Standards Board, are often seen as more rule-based than the supposedly more principles-based International Financial Reporting Standards (IFRS), which are in effect throughout most of the rest of the world.

<sup>20</sup> Notorious examples of subjective assumptions include depreciation expense, pension expense, and the assessment of fair value of derivatives.



**Table 1. Connections between spirituality, creativity and social solidarity**

Pava's definition of spirituality:

*"an experience of blending integrity with integration through acceptance of the past, commitment to the future, reasonable choice, mindful action, and continuous internal and external dialog."*<sup>21</sup>

Components of spirituality	Connection with creativity and social solidarity
<i>Integrity, truthfulness</i>	The pursuit of all creative solutions to social problems must first recognize facts as they are. Charity, benevolence and social responsibility can only flourish in an environment which respects the truth. <sup>22</sup> <i>As gatekeepers of the facts</i> , accountants perform a critical role in setting the stage for social solidarity.
<i>Integration, connectedness to others and all aspects of oneself</i>	Creative links and connections between seemingly disconnected ideas, facts, or perspectives.
<i>Acceptance of the past</i>	Acknowledged mistakes can unleash creative breakthroughs.
<i>Commitment to a sustainable future</i>	Motivates creative solutions to reconcile long-term social solidarity with current profitability.
<i>Reasonable choice, not rational choice</i>	Openness to a set of <i>reasonable</i> choices rather than a single, myopic <i>rational</i> choice
<i>Mindful action, internal dialog, self-reflection</i>	Avoids uncritical acceptance of status-quo.
<i>External dialog</i>	Promotes the free exchange of ideas in learning organizations.

moved out of its existing location.<sup>23</sup> A spiritual motivation does not change the essence of the accountant's financial reports, but it rather motivates him or her to do the work more thoroughly, analytically, and creatively so as to impact society in a positive way.

<sup>21</sup> "Spirituality In (and Out) of the Classroom: A Pragmatic Approach".

<sup>22</sup> Pope Benedictus XVI, *Encyclical Letter 'Caritas in Veritate- Love in Truth* (Rome: Libreria Editrice Vaticana, 2009).

<sup>23</sup> This is known as a sunk cost. For a similar discussion, see "The real costs of layoffs", innovation@work blog, MIT Sloan Executive Education, May 12, 2016. <http://executive.mit.edu//blog/the-real-costs-of-layoffs#.Vzs6vfmDGkq>



How does this discussion relate to the neo-classical term *rational* choice versus the Pava's term *reasonable* choice? In the neo-classical framework information inputs are considered objective, inherently unbiased, and perfectly knowable. Even when neo-classical economists admit to uncertainty, they operate under the assumption that uncertainty can be measured and quantified. Economic, financial, and accounting data assume almost god-like status, with the implication that the solution driven by the data will be similarly perfect and rational. This overconfidence in data can border on arrogance, and can result in overconfidence on the part of the decision-maker that her choices are rational despite their disruptive and even harmful social consequences.

On the other hand, under Pava's *reasonable* choice framework, data is respected but is viewed with a respectful skepticism. Accounting data is indispensable for the functioning of organizations, but it is far from perfect. Such a critical perspective on accounting and economic data leads the accountant or decision maker to a certain degree of humility in making decisions based on the data. This perspective leads the accountant to make fiscally responsible choice given the best accounting information, but the accountant is at the same time cognizant that the accounting data is man-made and imperfect. Under such a perspective, there is not necessarily a *single* responsible course of action to take given the accounting data; there may be a *set* or range of *reasonable* choices. The decision maker, guided by the accountant, will aspire to choose from among the reasonable choices with an eye towards increasing social solidarity.

Albert Spalding and Alfonso Oddo have called for a principles-based approach to accounting ethics rather than the current rules-based approach, which places an outsized emphasis on technical rules such as what sorts of business or personal relationships auditors can have with individuals related to the companies they audit.<sup>24</sup> Spalding and Oddo call for a principles-based ethics framework that is underpinned by five *virtues*: integrity, objectivity, diligence/inquisitiveness, loyalty, and professional behavior. The spiritual perspective advocated in this essay is compatible with such a principles-based approach, with the caveat that the spiritual perspective adds the virtue of *creativity* to the five virtues identified by Spalding and Oddo. Table 2 outlines the original five virtues and how spirituality supports the additional virtue of creativity.

<sup>24</sup> "It's Time for Principles-Based Accounting Ethics," *Journal of Business Ethics* 99 (2011): 49-59.

Table 2. Spirituality/Creativity as an addition to Spalding and Oddo's principles-based accounting ethics framework

Spalding and Oddo	1 Integrity – truth telling
	2 Objectivity – conforming to standards
	3 Diligence – truth seeking
	4 Loyalty to employer, client and society
	5 Professional Behavior
Francis Proposed Addition	6 Creativity and Vision

A spiritual approach to teaching ethics also fits into the G.J. Rossouw's (2002) framework for teaching business ethics.<sup>25</sup> In Rossouw's framework, teaching business ethics covers three broad areas: awareness of ethics as an important aspect of business activity; sensitivity and empathy; and professional or managerial competence in ethical decision making. Of the three areas, sensitivity is the most difficult to teach using traditional methods of instruction.<sup>26</sup> Students must experience an inner transformation to increase their sensitivity and empathy. Spirituality, with its focus on the inner life, is uniquely positioned to develop sensitivity and empathy.

A key premise of this essay is that spirituality is closely linked to creativity; and it may even be a pre-requisite for creativity. Ian Mitroff and Elizabeth Denton (1999a) report that managers at spiritually-oriented organizations felt that they could bring more of their "complete selves" to work, and could thus deploy more of their full creativity and intelligence at work.<sup>27</sup> Karakas reviews the literature on spirituality and spiritual performance in organizations and identifies several studies that find a positive relation between spirituality and productivity of who associate spirituality with increased creativity at work.<sup>28</sup> Kent Rhodes (2006)

<sup>25</sup> "Three approaches to teaching business ethics," *Teaching Business Ethics* 6 (2002): 411-433.

<sup>26</sup> Dov Fischer and Holly Chiu, "Ethics assessment for a school of Business," *Proceedings of the 53rd Annual Meeting of the Eastern Academy of Management* (2016: New Haven).

<sup>27</sup> "A Study of Spirituality in the Workplace".

<sup>28</sup> Karakas, "Spirituality and performance in organizations: A literature review" reviews Sukumarakurup Krishnakumar and Christopher Neck, "The 'what', 'why'; and 'how' of spirituality in the workplace," *Journal of Managerial Psychology* 17(2002): 153-164; Marjo Lips-Wiersma, "Analysing the Career Concerns of Spiritu-

identifies creativity as one of the six components in a model of workplace spirituality.<sup>29</sup> Curtis Bonk and G. Stevenson Smith call on accounting educators to cultivate creativity as critical skill for accountants,<sup>30</sup> and several recent studies explore the positive role that creativity can play in preventing accounting fraud.<sup>31</sup>

## B. SPIRITUALITY AND RELIGION

Spirituality and religion are not the same, but both share a focus on personal and societal virtues.<sup>32</sup> Study of comparative religion can inform us about the virtues held in common across religious traditions and that can therefore be considered universal spiritual virtues. All major religions share certain basic tenets or virtues. For example, the spiritual tenets of the *Yoga* code of spiritual-practice conform closely to the *Ten Commandments* in the Judeo-Christian tradition.<sup>33</sup> The *Yoga* tenet of *Ahimsa*/

ally Oriented People: Lessons for Contemporary Organizations” *Career Development International* 7(2002): 385; Pamela Leigh, “The New Spirit at Work,” *Training and Development* 51(1997): 26–33. Other studies that identify a positive relationship between spirituality and creativity include Peter McGhee and Patricia Grant, “Spirituality and ethical behavior in the workplace: Wishful thinking or authentic reality,” *Electronic Journal of Business Ethics and Organizational Studies* 13 (2008) 61–69; and Joan Marques, “Spirituality in the workplace: Developing an integral model and a comprehensive definition,” *The Journal of the American Academy of Business* 7(2005): 81–91.

<sup>29</sup> “Six components of a model for workplace spirituality,” *Graziadio Business Report* 9(2006), Retrieved May 17, 2016 from <http://gbr.pepperdine.edu/062/workplace.html>.

<sup>30</sup> “Alternative instructional strategies for creative and critical thinking in the accounting curriculum,” *Journal of Accounting Education* 16 (1998): 261–293.

<sup>31</sup> Dov Fischer, “My spiritual odyssey as an accounting professor,” *Journal of Ethics and Entrepreneurship* 6 (2016), 5–12; Stephanie Bryant, Dan Stone, and Benson Wier, “An Exploration of Accountants, Accounting Work, and Creativity,” *Behavioral Research in Accounting* 23 (2011): 45–64. See also TEDx (2011) presentation by Dan Stone (2011). “Why markets and clients need creative accountants,” at [youtube.com/watch?v=FsqkwS88Rhg](http://youtube.com/watch?v=FsqkwS88Rhg).

<sup>32</sup> Gerald F. Cavanagh and Mark R. Bandsuch, “Virtue as a benchmark for spirituality in business,” *Journal of Business Ethics* 38 (2002):109–117.

<sup>33</sup> K. Pavlovich and P. Corner, “Conscious enterprise emergence: Shared value creation through expanded conscious awareness,” *Journal of Business Ethics* 121 (2014): 341–351.

non-violence conforms to the *Commandment – thou shalt not kill*; similarly *Satya*/truthfulness conforms to *thou shalt not bear false witness*; likewise *Asteya*/non-stealing conforms to *thou shalt not steal*; whereas *Bramacharya*/continence conforms to *thou shalt not covet*. *Aparigraha*/non-possessiveness is not specifically included in the *Ten Commandments*, but is found in later Jewish *Mishnaic* and *Talmudic* traditions and in the *New Testament*.<sup>34</sup>

The major religions attach great importance to the individual virtue of work and to the importance of treating workers justly.<sup>35</sup> All major religious traditions imbue work with spiritual significance. Max Weber famously introduced the term “work ethic”, which Weber linked specifically to the northern European protestant tradition.<sup>36</sup> However, the Catholic tradition also emphasizes the centrality of work. In fact, Francis began his address to the World Congress of Accountants by bringing into focus the employment crisis. Francis’s focus on the employment issue is consistent with the importance that Pope John Paul II placed on the unemployment problem, calling it the *single most pressing social problem*.<sup>37</sup>

The Islamic and Jewish tradition similarly view work as a key virtue.<sup>38</sup> The *Koran* enjoins “There is nothing for man but what he strives for.”<sup>39</sup> Similarly, the rabbis of the *Mishnah* and *Talmud* criticized idleness and

<sup>34</sup> Hershey Friedman, “Ethical behavior in business: A Hierarchical approach from the Talmud,” *Journal of Business Ethics* 4 (1985): 117-129. It can also be argued that the fourth Commandment – Keep the Sabbath – serves as a backstop against excessive possessiveness. See Abraham Joshua Heschel, *The Sabbath: Its meaning for modern man* (New York: Farrar, Straus & Giroux, 1951). For a review of Heschel, see Dov Fischer, “The Sabbath, By Abraham Joshua Heschel,” *Journal of Biblical Integration in Business* 18 (2015): 74-75.

<sup>35</sup> Van Buren, H.J. & Greenwood, M., 2013. The genesis of employment ethics, *Journal of Business Ethics* 17.4, 707-719.

<sup>36</sup> *The Protestant Ethic and the Spirit of Capitalism* (Norton Critical Editions, 2009/1930).

<sup>37</sup> Pope John Paul II, *Encyclical Letter ‘Laborem Exercens’* (Rome: Libreria Editrice Vaticana, 1981). For a discussion on the importance of *Laborem Exercens* and other papal encyclical letters in Catholic Social Teaching, see E. Costa and T. Ramus, “The Italian Economia Aziendale and Catholic Social Teaching: How to Apply the Common Good Principle at the Managerial Level,” *Journal of Business Ethics* 106 (2012): 103-116.

<sup>38</sup> B. Possumah, A. Ismail, and S. Shahimi, “Bringing work back in Islamic ethics,” *Journal of Business Ethics* 112 (2013): 257-270.

<sup>39</sup> 53:39

praised work.<sup>40</sup> The two early iconic sages of the *Mishnah* were Hillel and Shammai. Hillel had a friendly demeanor, and his utterances have become memes well beyond the Jewish world. His famous saying extolling work is, “If I am not for myself who is for me? And being for my own self, what am I? And if not now, when?”<sup>41</sup>

Unlike Hillel, Shammai had a stern demeanor, said “Love work; hate lordship; and do not become overly intimate with the ruling powers.”<sup>42</sup> As different as these two were in terms of temperament, both Hillel and Shammai were adamantly supportive of work. A later *Mishnah* sage Rabbi Tarfon said: “The day is short, the task is great, the laborers are lazy, the wage is high, and the Master of the house is insistent. It is not incumbent on you to complete the work, yet you are not free to desist from it.”<sup>43</sup>

A key assumption in this paper is that the truthful reporting of financial information is consistent with finding creative ways to increase social solidarity. Pope Benedict XVI drew attention to the apparent tension between truth and charity, and showed that the two do in fact complement each other. Benedict refers to this synthesis as *Caritas in Veritate*, charity in truth:

Only in truth does charity shine forth, only in truth can charity be authentically lived. Truth is the light that gives meaning and value to charity. Without

<sup>40</sup> Hershey Friedman and Dov Fischer, “Learning About Leadership, Trust and Benevolence from Ethics of the Fathers (Avot),” *Journal of Religion and Business Ethics* 3 (2014), Article 8.

<sup>41</sup> Friedman and Fischer; *Avot* 1:14. Hillel’s version of the Golden Rule: “That which is hateful to you, do not do to your fellow. That is the whole Torah; the rest is the explanation; go and learn,” in *Babylonian Talmud* Tractate *Shabbat* 31a. See Friedman and Fischer, who quote these and many other sayings from the *Mishnah* Tractate of *Avot* (*Avot* means “fathers” in Hebrew; referring to the “Ethics of the Fathers or Elders”) and from elsewhere in the *Mishnah* and *Talmud*. The *Mishnah* was the first Jewish post-Biblical literature, and contains collections of oral traditions over a two-century period beginning with the common-era. The *Mishnah* is written in Hebrew, and was composed in the Galilee. The Babylonian and Palestinian *Talmud* were written in Aramaic and finalized in the fifth century as an exegesis on the *Mishnah*. There were two versions of the *Talmud*, a Palestinian one and a Babylonian one. The Babylonian *Talmud* has become the basis of all subsequent religious Jewish literature.

<sup>42</sup> *Avot* 1:10

<sup>43</sup> *Avot* 2:15

truth, charity degenerates into sentimentality. Love becomes an empty shell, to be filled in an arbitrary way. In a culture without truth, this is the fatal risk facing love. It falls prey to contingent subjective emotions and opinions, the word “love” is abused and distorted, to the point where it comes to mean the opposite.<sup>44</sup>

Since religion is ideally a form of spirituality, religion can be useful in identifying universal spiritual values such as work, justice, and creativity. At the same time, it is important not to confound a particular religion with spirituality generally, especially in a workplace or school setting where colleagues and students would rightly be sensitive to perceived attempts at proselytizing. Another concern is that introducing of a discussion of one religion might be perceived by those who are not members of that faith as a micro-aggression. For that reason, extra care should be taken to discuss any matters that relate to religion with extreme sensitivity. Research by Mitroff and Denton two decades ago confirms that professionals are much more comfortable with workplace discussions of spirituality, as opposed to religion.<sup>45</sup> This essay therefore presents Francis’s speech as a spiritual, rather than a religious, contribution.

### C. TRENDS IN SPIRITUALITY IN THE WORKPLACE

In recent decades prominent business and economic scholars have called for a spiritual renaissance in society in general and in the workplace and classroom in particular. Peter Drucker, arguably the most important scholar of management ever, ends his book *Landmarks of Tomorrow* with the following statement:

The individual needs the return to spiritual values, for he can survive in the present human situation only by reaffirming that man is not just a biological and psychological being but also a spiritual being, that is creature, and existing for the purposes of his creator and subject to Him.<sup>46</sup>

<sup>44</sup> *Encyclical Letter ‘Caritas in Veritate– Love in Truth’* (Rome: Libreria Editrice Vaticana, 2009).

<sup>45</sup> *A spiritual audit of corporate America*, 40.

<sup>46</sup> Piscataway, NJ: Transaction Publishers, 1996.

Robert Fogel, a 1993 Nobel laureate in economics, stresses the importance of spirituality in the new economy. He identifies 15 vital spiritual resources that include such concepts as “a sense of purpose, a sense of opportunity, a sense of community, a strong family ethic, a strong work ethic, and high self-esteem.” The implication of his view is that capitalism should take spiritual values into account in order to survive in the new economy.<sup>47</sup>

Admittedly, in the past decade the U.S. has begun to converge to the rest of the Western world towards less religiosity.<sup>48</sup> The past decade has also seen the emergence of the “New Atheism” on the American cultural intellectual landscape.<sup>49</sup> However, these trends to lesser religiosity have been offset by a mass movement towards general spirituality. Popularizers of mindfulness such as Deepak Chopra and Eckhart Tolle (the latter heavily promoted by Oprah Winfrey) have catapulted other forms of spiritual awareness into the forefront of popular culture.<sup>50</sup> Pope Francis and his Tibetan counterpart the Dalai Lama carry a universal spiritual message that is more similar to the messages of popularizers such as Chopra and Tolle than to traditional sectarian religious messages.<sup>51</sup>

### III. THEMES IN FRANCIS’S ADDRESS TO ACCOUNTANTS

In November 2014 Pope Francis addressed the World’s Congress of Accountants (WCA) in Rome.<sup>52</sup> In his address, he called for accountants to “renew awareness of the fact that your profession serves the public interest.” Francis called on accountants “first of all to accomplish well their duty, with competence and wisdom.” Duty and competence are familiar virtues to accountants, but Francis upped the ante by asking “to

<sup>47</sup> *The fourth great awakening* (Chicago: University of Chicago Press, 2000).

<sup>48</sup> Sarah Bailey, “Christianity faces sharp decline as Americans are becoming even less affiliated with religion,” (May 12, 2015) <http://wpo.st/-Lab1>.

<sup>49</sup> Richard Dawkins, *Brief candle in the dark: My life in Science* (New York: Ecco-HarperCollins, 2015).

<sup>50</sup> Brandan Robertson, “A Spiritual Revolution: Thousands Gather To Hear Deepak Chopra and Eckhart Tolle in L.A.,” *HuffPost Religion* (February 29, 2016) [http://www.huffingtonpost.com/brandan-robertson/a-spiritual-revolution-the\\_b\\_9340308.html](http://www.huffingtonpost.com/brandan-robertson/a-spiritual-revolution-the_b_9340308.html)

<sup>51</sup> For a Jewish counterpart, see Rabbi Jonathan Sacks’ *Not in God’s Name: Confronting Religious Violence* (New York: Schocken Books/Penguin Random House, 2015).

<sup>52</sup> Pope Francis speech.



go beyond [mere duty]”, to use “creativity to find solutions in standstill situations.” Obviously, Francis considers the performance of one’s *duty* with competence and wisdom as only a preliminary step towards a higher level of virtue. The profession must aim for a higher goal which involves the exercise of *creativity*.

It is one thing for Francis to talk about creativity in accounting, but as a practical matter it is a challenge to convince people in the profession that creativity is an important component of the accounting skill-set. Since the author is an educator of graduate and undergraduate accounting students, I decided to explore the issue in depth with a group of graduate students.

The author teaches at a metropolitan public university located in New York City. The course chosen for the discussion was a graduate-level course on International Accounting with an enrollment of 19 students, all of whom were in attendance. The students ranged in age from their mid-20s to mid-40s and were matriculated in a master’s in accounting or a master’s in business administration program with an emphasis in accounting. The students hailed from diverse ethnic and national origins.<sup>53</sup> The class discussion took place in late November 2014, approximately two weeks after the Francis’s speech.

I provided a contextual introduction by sharing my personal view that accounting needs a spiritual awakening. To paraphrase my opening remarks:

Some accountants mistakenly believe that accounting can be purely objective with the sole aim of providing useful information to decision makers, namely investors and creditors<sup>54</sup>. According to this thinking, the accountant’s moral duty is to provide an unbiased assessment of the facts; and let the chips fall where they may in terms of societal impact. This view holds that accountants cannot decide on matters of broader social-responsibility; these bigger

<sup>53</sup> The professor (i.e. the author) is a visibly Orthodox Jew, which avoided the impression that he was trying to proselytize in favor of Catholic religious teachings.

<sup>54</sup> *Statement of Financial Accounting Concepts No.8* states “The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders, and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling, or holding equity and debt instruments and providing or settling loans and other forms of credit.” (Norwalk, CT: Financial Accounting Standards Board, 2010, OB2) [http://www.fasb.org/cs/ContentServer?pagename=FASB/Document\\_C/DocumentPage&cid=1176157498129](http://www.fasb.org/cs/ContentServer?pagename=FASB/Document_C/DocumentPage&cid=1176157498129).

decisions lie within the purview managers and investors, not accountants. According to this view, accountants discharge their ethical and moral duty to society merely by acting with integrity, skill, and professionalism and avoiding conflicts of interest.

As will be apparent below, Francis does not hold this limited view of accountants' moral responsibility. After this introduction, I read Francis's speech in its entirety. Francis's speech begins in a classical manner, by presenting a pressing problem, specifically the global unemployment crisis. This crisis affects people of all ages but particularly young adults trying to get a start at an independent and productive life. The employment problem extends to those who are forced to work off the books and therefore lack basic safeguards and protections at work. After successfully setting the stage by presenting this pressing social problem, Francis proceeds to challenge the accounting profession to do something positive to help solve the problem.

Below are excerpts from the Francis speech, accompanied by a brief synopsis of the class discussion. The excerpts express two general themes: (A) call for a broad view of accountants' social responsibility, and (B) call for social solidarity.

#### A. BROAD VIEW OF ACCOUNTANTS' SOCIAL RESPONSIBILITY

##### 1. *Francis:*

"The temptation is strong to defend one's own interest without being concerned for the common good, without taking much care of justice and legality."

"Everyone – especially those who are in a profession that deals with the proper functioning of the economic life of a country – are required to play a positive, constructive role during their daily work, being aware that behind every document there is a story, there are faces."

"In this commitment ... to accomplish well our duty, with competence and wisdom; and then *to go beyond*, which means meeting the persons in difficulty; using that *creativity* which allows you to find solutions in standstill situations; to make prevail the reasons of human dignity over a rigid red tape."

2. *Class Discussion.* Francis challenges the neo-classical assumption of maximizing individual or shareholder value as the ultimate goal of

business. The students and professor were initially uncertain if Francis aimed his message at accountants specifically or at business people in general. We wondered if the speech will go on to suggest that accountants should manipulate financial information for the benefit of the common good!

Accountants value *objectivity*. Accounting standards, tax laws, and efficiency metrics aim for objectivity. Francis seems to suggest that we add *subjectivity* to our work. This seems to pose a risk to the integrity of our profession, which aims to report objective facts rather than subjective opinions. Upon reflection, accounting is less objective than we admit it to be. The auditing profession admits that it is in the business of providing opinions, rather than facts.<sup>55</sup> Similarly, the move towards fair value accounting incorporates increasingly subjective estimates of the value of assets, particularly in the case of banks with large amounts of derivatives on their balance sheet.<sup>56</sup>

When Francis mentions “Duty, competence, and wisdom”, we are comforted as these are familiar virtues to accountants. Francis indeed recognizes that the simple performance of duty with competence and wisdom is a spiritual accomplishment in itself. But Francis implores accountants *to go beyond* and to put ourselves in the shoes of people who might be injured if we stuck to mere “duty, competence, and wisdom”. Francis is declaring the traditional accounting ethics trinity of “duty, competence, and wisdom” is good but is not good enough. Ironically, the leader of the world’s oldest and most tradition-bound institution now calls on accountants to become creative. Francis also attacks “red tape”, a term that some accountants might object to and prefer to call “rules and standards.” Francis cannot really be suggesting that we do away with accounting standards and rules, or even that we bend them when they come up against human dignity.

<sup>55</sup> The standard language of an unqualified (positive) audit report reads, “in our opinion, the financial statements represent fairly in all material respects the financial position of the company”.

<sup>56</sup> Dov Fischer and Michael Grayson, “A Case-based Introduction to Bank Accounting for Derivatives,” working paper. Social Science Research Network (2015) <http://ssrn.com/abstract=2413096> ; Jeremy Bertomeu and Ivan Marinovic, “A Theory of Hard and Soft Information,” *The Accounting Review* 91 (2016): 1-20.

## B. SOCIAL SOLIDARITY

### 1. Francis:

“But in order to achieve this, it is necessary to always place the human being, with his dignity, at the center, combating the processes which tend to standardize everything and to always put money first. When money becomes the objective, and the reason for each activity and initiative, then the utilitarian perspective prevails together with the fierce logic of the profit that does not have any respect of the person, with the consequent and widespread fall of values, such as solidarity and respect of the human being.”

“Those who work in various positions of the economy and finance are called upon to *make choices in favor* of the social and economic wellness of the whole humanity, giving everybody the opportunity to achieve their own development.”

“I encourage you always to act responsibly, fostering relations based on loyalty, justice, and where possible, fraternity, tackling with courage, above all, the problems of the weaker and the poorer. Giving a concrete answer to economic and practical questions is not enough; there is need to raise and cultivate an ethics of the economy, of finance and employment; there is need to keep the value of solidarity alive – solidarity, a word that today risks being removed from the dictionary – solidarity as a moral attitude, and expression of the attention to other people and their legitimate needs.”

“Solidarity is a need arising from the same network of interconnections which develop together with globalization. And the social doctrine of the church teaches us that the principle of solidarity is effected in harmony with the principle of subsidiarity. Thanks to the effect of these two principles, processes are at the service of human beings and justice grows, that justice without which there can be no true and lasting peace.”

Francis concludes with a call for prayer.

2. *Class Discussion.* Francis reminds us of the primacy of human dignity. He instructs and reminds us that although our profession calls money the “unit of accounting”<sup>57</sup>, money should never be the final objective and certainly not the reason for each activity and initiative. Should

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<sup>57</sup> L. Todd Johnson, “The unit of account issue,” *Financial Accounting Standards Board* (2007) <http://fasri.net/wp-content/uploads/2009/12/Johnson-2007-Unit-of-Acct-Paper.pdf>.

money be allowed to become the objective, social values will surely collapse. Francis joins in the tradition of predecessor Saint John Paul II in stressing the importance of solidarity. According to John Paul, solidarity “is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all”.<sup>58</sup>

What does Francis mean when he asks us to “make choice in favor” of social wellness? We are trained that financial accountants do not make *choices* about the allocation of resources but merely provide *information* for decision makers. Even managerial and cost accountants are never authorized to make choices in favor of “social and economic wellness.” At most, managerial accountants are given a financial optimization goal.

Our interpretation of Francis’s message is that he asks us to offer *advice* to decision makers that will allow them to make decisions that are both financially and socially responsible. Francis recognizes that it takes *courage* for accountants to offer unsolicited advice. It may even seem “unprofessional” at first.<sup>59</sup> The world already expects us to give reasonable answers to economic and practical questions. Francis tells us that while we must continue to provide these answers, we must also take the initiative to offer solutions to broader social questions.

Francis uses his words very carefully. The word “encourage” has come to be synonymous with *urge*, *direct* or *advise*. Yet, the original meaning of *encourage* is literally to give courage. For accountants to embark on a path of creativity, both individually and as a profession, entails some risk of criticism by entrenched interests, and therefore requires *encouragement*.

<sup>58</sup> Catholic Social Teaching. *Themes of Catholic Social Teaching – Solidarity* (accessed May 18, 2016 at <http://www.catholicsocialteaching.org.uk/themes/solidarity/>).

<sup>59</sup> Fischer, “Spiritual Odyssey”.

## IV. PEDAGOGICAL ASSESSMENT, EXAMPLES, AND SUMMARY

### A. PEDAGOGICAL SELF-ASSESSMENT

Pava presents guidelines for the discussion of spiritual topics in the accounting and business classroom.<sup>60</sup> Pava cautions the professor to keep an open mind, to present clear and concise teaching aims, to use appropriate material, listen carefully, and reduce classroom fear and tension. He also advises that incorporating spirituality into the classroom takes hard work and careful planning. Finally, he encourages professors to take chances on unproven pedagogical techniques, but to avoid turning spirituality into an “idol”; sometimes accounting is just about numbers!

One of the weaknesses of the class discussion was the absence of a clear and concise teaching aim. With the benefit of hindsight, I would have presented the following question to anchor the discussion – Is the ethical role of accountants simply to prevent cheating or misrepresentation or do accountants have a positive role to play in guiding the world towards a better place?

There was also an undercurrent of slight unease about bringing religion in the classroom. Pope Francis’s wisdom is an unusual topic in an accounting classroom, but it would have been inappropriate *not* to engage in this opportunity to share a once-in-a-lifetime address by a pope to the accounting profession. The papal address to the accounting profession was in the end relevant, meaningful, and appropriate.<sup>61</sup>

Many, maybe even a majority, of students disagreed with the perspective of this paper. These students felt that accounting professionals should limit themselves to the application of accounting standards to report information. Those students felt that envisioning creative solutions was “not our job.” On the other hand, students had an open mind and helped me obtain insights into questions that I have long wondered about. Before sharing the Francis speech, I had not yet resolved the apparent contradiction between spirituality/creativity and objective accounting. The process

<sup>60</sup> “Spirituality In (and Out) of the Classroom: A Pragmatic Approach”.

<sup>61</sup> In addition to American students, the class contained students from Turkey, South Korea, China, and Japan. The Americans students were of Eastern European, Hispanic, Caribbean, and African-American backgrounds. To top it all off, the Professor was Jewish. Students were interested in what the pope had to say, not for religious reasons per se, but because of Francis’s stature as a world leader. In much same way, the Dalai Lama transcends Tibetan Buddhism to appeal to a broad spiritual base.

of deliberating these ideas with students helped me resolve these questions in my own mind. I walked into the classroom with an idea of why spirituality was important in the practice of accounting but did not have a clear vision of how it can inform accounting practice. After our discussion, I gained a clear vision of an expanded role of accountants as counselors to decision makers.

## B. REAL-WORLD EXAMPLES

This section presents two examples of how accountants can follow Francis's advice. The first is a short example of how cost accountants in the early days of offshoring might have had the vision to help companies keep jobs at home.<sup>62</sup> The second example is based on recent successful efforts by "activist investors" to "disrupt" successful, socially responsible companies by casting them as paternalistic and anachronistic. In the real-world example described below, financial accountants could have played a positive role in educating long-term investors to mistrust the misinformation offered by the short-term "activist investors", who were misinterpreting accounting data based on flawed assumptions.

The first example relates to the off-shoring of American manufacturing jobs over the last thirty years. Many American companies are today seeking to repatriate manufacturing jobs due to rising labor costs in China. Unfortunately, companies often find that the infrastructure no longer exists in the U.S., even though costs are theoretically competitive.<sup>63</sup> How could a spiritual perspective have prevented the hallowing out of the American industrial base? By following Francis's advice, a far-seeing cost accountant might have been *creative* enough in his vision to present a compelling financial argument against the relocation and disruption of off-shoring. With foresight and creativity, such an accountant would have even identified future trends that would have financially justified keeping

<sup>62</sup> The notions of social solidarity and global solidarity should make us care about employment opportunities both at home and abroad. However, the harmful social dislocation that takes place when jobs move from one geographic area to another is arguably much greater than the social and economic benefits derived by the low-wage workers in the new location.

<sup>63</sup> Jennifer Alsever, "Smaller businesses struggle to make it in the USA," *Fortune*, October 30, 2014 (<http://fortune.com/2014/10/30/small-business-manufacturing-usa/>).



stable employment without unduly disrupting the U.S. manufacturing sector.

The second example is more detailed and illustrates how a creative accountant could have helped Timken Company fight back against a narrow, self-interested group of activist investors. This investors misused financial information to manipulate other investors into acting in a manner that was against the interest of the local community and ultimately even against shareholder interests. In 2012, Timken was a century-old, family-controlled company based in Canton, Ohio. Timken was a successful steelmaker with a vertically integrated division that made specialty bearings used in oil drilling. An “activist investor” identified this company as a candidate to “split up” that would “unleash shareholder value.” The split up would consist of two new companies: the “new” Timken, which would be a “pure play” bearing business, and TimkenSteel, a commodity steel manufacturer. Such a breakup, argued the activity investors, would increase shareholder value by showcasing the valuable bearing business, without the distraction of the less exciting TimkenSteel to cloud the “pure play” bearing business. The activist investor even convinced a large public pension fund to join it in pressuring the Timken to break itself in two.<sup>64</sup>

The company was founded and controlled by the Timken family, who cautioned against the breakup. The steel business can be highly profitable, but it is also very cyclical. The bearings business provided a buffer in hard times for the steel business. Furthermore, Timken Company thrived in a business dominated by foreign competitors because it was able to capitalize on the synergies between its two businesses (Berger, 2014).<sup>65</sup> If the steel and bearings business were broken apart, the steel business could hardly hope to survive in a business dominated by much larger rivals. In the end both the bearings and steel businesses would likely end being acquired by a larger foreign rival. The Camden community echoed these fears that an acquirer would scoop up Timken’s intellectual know-how on bearings and then shutter the Camden facilities.

<sup>64</sup> Nelson Schwartz, “How Wall Street Bent Steel,” *The New York Times* (December 6, 2014) accessed at <http://www.nytimes.com/2014/12/07/business/timken-bows-to-investors-and-splits-in-two.html>

<sup>65</sup> Suzanne Berger, “How Finance Guttled Manufacturing,” *Boston Review* (April 1, 2014) at <https://bostonreview.net/forum/suzanne-berger-how-finance-guttled-manufacturing/>

Incredulously, the activist investor gained a government-run pension fund as an ally to help launch a sophisticated and ultimately successful, public-relation campaign to convince investors to support the breakup, which the shareholders approved by a narrow margin of votes. In a rose-colored presentation to Wall Street, activist-controlled “new Timken” (i.e. the crown-jewel bearings business) estimated that future revenues would rise by 8% annually and that “adjusted EPS” (excluding unusual items, which in itself is a dubious reporting practice) would rise by 12% annually. The presentation forecast similarly strong growth in free cash flows. How will these forecasts be accomplished? Through the tripling of debt, eliminating pension contributions, drastically reducing capital expenditures, and aggressively buying back shares.<sup>66</sup> The accountants who put together this presentation certainly exhibited creativity, but not of the kind advocated by Francis!

The accountants working for the activist investors used financial forecasts to lend an air of precision and certainty, implying that the breakup was a *rational choice*. In its fight against the activist investors, the Timken family admitted that it was overwhelmed by a concerted public relation campaign using sophisticated financial presentations. Had the Timken family been backed by equally creative accountants to counter the activist investors’ resourceful greed, they might have prevailed upon long-term investors to resist the lure of quick riches from the ill-advised breakup. One area which accountants might have raised a red flag about relates to the supposedly fully funded pension plan, which the activist investors proposed to stop contributing additional funds to, since it was already “fully funded.” Accountants know too well that “fully funded” pension plans become drastically underfunded with one or two changes in assumptions about future interest rates.

The Timken post-script: The activist investors cashed out nicely; they sold their position at a gain of \$188 million, representing a 75% rate of return.<sup>67</sup> Meanwhile, in the two months after the split-up in September 2014, the new pure play Timken stock declined from \$49 to \$33 due to concern about the impact of lower oil prices on the now-isolated bearing business.<sup>68</sup> The government pension fund and other long-term investors

<sup>66</sup> *November 2014 Investor Presentation*, The Timken Company (No longer accessible on the company’s website, but available from author upon request).

<sup>67</sup> Schwartz.

<sup>68</sup> As of May 2016 the stock is at \$33.

have certainly not benefited from the disruption and uncertainty imposed on employees and the community of Canton, Ohio by the hit-and-run activist investors.

### C. SUMMARY – ACCOUNTANTS MUST BECOME CREATIVE

This class discussion of Pope Francis's speech took around half an hour. In that short time, both the professor (i.e. the author) and some of the students reached an epiphany about integrating a creative spiritual perspective with objective accounting professionalism. We were inspired to reconcile our quest for spirituality with the conflicting notion of professional objectivity. Francis's speech makes it clear that accountants must report concrete economic facts but must do more than mere reporting. Accountants who care about social solidarity must be *encouraged* to offer counsel and expand the scope of the accounting profession from mere reporters to forecasters, interpreters, and counselors.

This transformation is already happening slowly in auditing and internal controls, which are slowly expanding their perspective to broader governance issues.<sup>69</sup> Accountants must go even further and upgrade our profession to one of counselor, which is different than the traditional reporter role. A counselor, however, can and must be spiritually inspired, while a mere reporter might be constrained to blindly follow rules and regulations.

One compelling reason for accountants to "upgrade" our professional profile is that if we do not step into the breach, others will. Accountants have traditionally assumed that the end-users of financial information are always good actors acting in good faith. This may have been true several decades ago but not in today's environment of hedge funds and activist investors. It is not always true that all users of financial information are operating in good faith. In today's world, accountants must not just report financial information, but must provide interpretation and guidance to a broader economic audience.

Certain unscrupulous investors would use accounting information to put inordinate pressure on company management to make choices that are harmful for social and global solidarity. The accountant must step

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<sup>69</sup> *Committee of Sponsoring Organizations, Internal Control, Integrated Framework* (New York: American Institute of Certified Public Accountants, 2013).

into the role of counselor to ensure that financial information is not misinterpreted for sinister and selfish purposes. To help find creative solutions to social problems, accountants must be aware that some constituencies are likely to use or abuse accounting information to accomplish their political and economic objectives. The accountant can help the public interest and social solidarity by presenting financial data to decision makers in a nuanced manner that makes it clear that there are several *reasonable choices*, not a single *rational choice*. Such a nuanced presentation will empower socially responsible decision-makers to make reasonable choices that support social cohesion.

Accountants are keenly aware that financial information is based on estimates of events that will take place far into the future. It is therefore the profession's responsibility to give decision makers the courage to choose in a socially responsible manner and to push back against constituencies that seek to use accounting data in their interests that are at odds with the public interest. Francis' call for creativity addresses accountants in all spheres of practice – financial accountants, managerial accountants, outside auditors and government staff.

Dov Fischer  
Brooklyn College  
dfischer@brooklyn.cuny.edu

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