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Ethical awareness in the field of tax work.

Abstract

This paper studies ethical awareness among tax professionals, with a focus on the diversity of the field and on factors that may create pressure to make an aggressive or innovative tax decision. Tax experts as professionals are expected to have a focus on the public interest, and to operate to ethical standards as defined and promoted by their professions. In the critical accounting literature, studies have examined how professional bodies claim privilege based on their public interest mandate. Another body of work has looked at ethics in terms of moral reasoning in the tax field. However, relatively little field work has been undertaken in the world of the individual tax professional, and few studies of professional ethics span more than one profession.

This study is based on a large-scale international survey of tax experts working in a range of professional settings. Our sample includes both accountants and lawyers, facilitating comparison across disciplinary foundations. Drawing on the Rest (1986) model, we focus not on ethical decision-making *per se*, but on ethical awareness as a foundational element of these decisions. We relate this to disciplinary and firm-level factors, exploring where and at what career stage various elements of ethical awareness are present, and we examine the relationship between this awareness and a range of exacerbating factors which may bring pressure to the tax decision-making process. Our work contributes to the critical accounting literature on habitus formation in a professional context, with a particular focus on taxation, and introduces ideas from ethics and spirituality literatures.

Keywords: ethics, professionals, taxation, critical

Paper in development: do not quote without permission

1. Introduction

This paper explores the prevalence of ethical awareness across the field of tax practice in both corporate and professional service firm settings. The professional context, and the accounting profession sees claims to privilege based on deference to 'the public interest' commonly summoned as a defence against societal revulsion (Cooper et al., 2008; Muzio et al., 2013). Such ethics-based claims are fundamental to the social contract that exists between the state, professions and society at large, and have been the basis of a considerable amount of research within critical accounting. Most of this work has focused on the ethics of the professional body, or the professional firm, with relatively little addressing the question of to what extent individual members of these professions are influenced by ethics, the public interest or other values-based issues while doing their daily work. In parallel, a great deal of work in both the critical accounting literature (Gendron et al, 2006; Suddaby, 2013; Spence et al, 2014, 2015; Addison et al, 2015; Carter et al, 2015) and in business ethics (Rest, 1986; O'Fallon and Butterfield, 2006; Kish-Gephart et al., 2010; Craft, 2013) has addressed the issue of ethics in the workplace, and the factors that predispose to ethical decision making. Within the critical accounting literature, the ethics of auditors and their independence has been widely examined (Gendron et al, 2006; Addison et al., 2015), and there is a thread of more recent work focusing on taxation (Radcliffe et al., 2018). We extend this work by addressing some of the foundational criteria needed to enable ethical decision making in the context of tax work, drawing on Rest's (1986) model which is foundational in the workplace ethics literature, and by exploring the diversity of the field at both a disciplinary and an organisational level.

The question of ethics is especially pertinent in taxation, a field which has been the focus of considerable attention recently. Deriving, in part, from increased attentiveness to the wealth distribution impacts of tax, this focus has also been prompted by a series of revelations about tax avoidance, aggressive tax planning and the broader societal impact of such activities (Radcliffe et al., 2018). Relatively little attention has been paid, however, to the underlying ethical contexts within which such professional decision-making is conducted (Carter and Spence, 2014; Doyle, et al, 2016). To the extent that these fundamental issues are attended to, they tend to dissociate the professional engagement involved from more essential considerations of moral values, socialisation, ethical formation and professional context (Carter, Spence and Muzio, 2015). This study seeks to extend our understanding of the professional decision-making environment by addressing such issues at an individual level. It focuses specifically on tax professionals in their work environment, exploring issues relating to ethics and ethically-informed decision-making in their daily work. This workplace is a professional context, and one that is also, as noted by Spence & Carter (2014), a commercial environment. This means that tax-related decisions are routinely informed by considerations focused on the profitability of the firm, leading to choices made by individual tax experts that may lean towards tax aggression or novelty or innovation in tax planning.

As an academy, we hold assumptions about the place of ethics and the public interest in accounting as a profession, and work has been done on how these values are formed as part of the professional identity of accountants. Most such studies look at a relatively homogenous range of respondents, such as senior staff in big four firms, for instance (Carter & Spence, 2014; Spence & Carter, 2014). The context of the small firm, as noted by Spence and Lozano (2000), remains less researched. There is rarely an opportunity to compare the ethical values of accountants to those of members of

other professions who are doing similar work. We look at tax experts working in both large and small firms across a range of countries. Many come from a disciplinary formation in law, often working alongside colleagues whose base discipline is accounting. This allows us to explore the levels of ethical and spiritual awareness, and the self-reported influence of the public interest in a way that has not been done before.

There is also a significant societal motivation for examining the work of tax experts, one articulated, for example, in Radcliffe et al (2018). Increased attention has been paid to the impact of taxation on inequality, not only at a national level given its power to redistribute and concentrate wealth, but also internationally as multinational firms engage in either tax arbitrage or aggressive or innovative tax practices that shift taxable income from one country to another, thereby strengthening or depleting the ability of governments to provide basic services for their citizens. While the ethical and moral reasoning of tax professionals has attracted attention, the role of spiritual values has been less widely studied, particularly in the context of ethical values, and a focus on the public interest by professionals. In this paper, we seek to explore these socio-ethical issues in a very technical realm, in the context of changing moral boundaries both in society and for individuals working in tax, and increased socio-political pressures on tax experts.

Our focus is on the influences on currently practising tax experts, and so unlike much of the work in the ethics literature, our methodological approach is not experimental in nature. We derive our primary data from an international field study which we developed as part of a larger H2020 project exploring tax and inequality. Using quantitative responses from over a thousand working tax professionals, we explore connections between the reported level of influence of key ethical and spiritual variables, the ethos of the firm, the personal qualities most valued by the respondents and the factors which might predispose them to make a more aggressive or innovative tax decision. Following Kish-Gephart et al. (2010), we analyse links between factors at the individual and organisational level, allowing us to explore the degree to which ethical formation may have its root in the professional body or the professional firm. In doing so, we seek to unpick ethical formation, and explore how key awareness factors vary on a personal, organisational and professional level. Our focus is on awareness and self-reported influence for reasons drawn from the ethics literature, and set out in more detail in the next section. We introduce the spiritual on the same basis, exploring differences between these two sources of personal values. The diverse nature of our respondents allows an in-depth exploration of the relationship between ethical awareness and a variety of factors that may impact on tax decision-making.

The rest of the paper is made up as follows: Section two positions our work in the context of prior literature on the profession and tax experts, and outlines the ethical models we are drawing on in our work. Section three describes our method and data. Section four outlines our tests and key findings. Section five discusses the implications of the work, and concludes.

2. Ethical awareness and the profession

A growing body of work has emerged in recent years that situates the work of tax professionals within the broader social science field. This literature has, amongst other things, demonstrated the 'socially consequential' impacts of a domain that has simultaneously been navigating significant disciplinary challenges brought on by 'changing moral boundaries in society' and evolving institutional logics (Radcliffe, et al, 2018; Alm & Torgler, 2011; Suddaby, 2013). Noting the extent to

which tax practitioners can now be seen as ‘morally significant actors’ (Suddaby, 2013, 381), this work has also been calling for ‘more empirical work looking at the experience of tax professionals’ with the explicit goal of better understanding how the ‘introduction of a new moral ‘logic’ into the tax field potentially conflicts with a well-established commercial ‘logic’ of tax minimisation, (Radcliffe, et al, 2018, 47).

Radcliffe et al. (2018, 52) note how ‘many tax professionals exhibit a primordial view that laws and regulations provide the moral boundaries of what they do: provided they stay within the law, they are OK’. They explore how these professionals function, ‘in the tensions between public perceptions and tax minimisation’ that result from ‘the moral outrage engendered by the aggressive tax planning practices of large corporations’. In the changing institutional landscape tax professionals are inclining, for both strategic and moral reasons, to a view of tax that acknowledges the ethical imperatives, a process that might be described as ‘bringing the socio-ethical into the technical realm’ as part of a broader ‘risk management discourse’ (Radcliffe et al., 2018, 54-6). This focus, they argue, ‘leads to a new understanding of tax, not merely as a practice that has moral implications, but as a practice that is more deeply imbued with morality than has hitherto been recognised’ (Radcliffe, 2018, 55).¹

In approaching the question of ethical decision-making in a work context, the field of descriptive (empirical) ethics, which focuses on examining the actual thought-processes and behaviour of actors in organizations, has become an increasingly significant area of research (see Lehnert et al., 2015; Craft, 2013; Kish-Gephart et al., 2010; Tenbrunsel & Smith-Crowe, 2008; Trevino, Weaver & Reynolds, 2006; O’Fallon & Butterfield, 2005). In terms of conceptualization, Rest’s (1986) “four-stage model of ethical decision making has guided the majority of research and narrative reviews of research findings within behavioral ethics” (Kish-Gephart et al., 2010:1). This model sees ethical decision-making as a process involving four key stages – “identifying the moral nature of an issue, making a moral judgement, establishing moral intent, and engaging in moral action” (O’Fallon & Butterfield 2005, 375). These may be loosely paraphrased as moral awareness, judgement, intent and behaviour. In the Rest model, each step is distinct, and constitutes a necessary but insufficient condition for making an ethical decision. For instance, an individual’s possession of strong moral judgement ability will not trigger an ethical decision in the absence of moral awareness or failure to recognize a moral issue (Lincoln and Holmes, 2011).

Awareness, then, is fundamental, although difficult to observe. Rest (1986, 3) points up potential challenges in researching the ‘moral awareness’ factor, noting that it involves the “interpretation of the particular situation in terms of what actions (are) possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effects on their welfare”. Despite these difficulties, in a review of the literature on business ethics, Lehnert et al. (2015:198) note that the first stage of this construct, ‘moral awareness’, has recently been the subject of increased research attention and that relatively unexplored aspects of the decision making process such as religiosity and personal spirituality have also begun to be investigated. In tax work, this foundational issue of awareness may be more nuanced than in other professional

¹ In identifying the manner in which tax professionals can leverage this new dynamic to the advantage of their professional project, they also note that ‘morality is not merely something that is thrust upon tax professionals as a whole, but something that is used skilfully as a symbolic resource by them with which to advance their own professional project...’

contexts. In a review of the field, Trevino et al., (2006:952) define behavioural ethics as “individual behavior that is subject to or judged according to generally accepted moral norms of behaviour”. The degree to which aggressive tax decisions, particularly those taken on behalf of clients, are considered to breach accepted norms in a tax context is unclear. Given the ambiguity around the ethical dimension of tax decisions, we focus therefore on the foundational level of Rest’s (1986) model, and explore the degree to which tax experts report ethical values and spiritual or religious values as influential in their day to day work.

In the wake of more recent corporate scandals and tax related business decisions, attention has begun to turn to issues of ethical awareness amongst accountants and practitioners (Low et al. 2008; McManus and Subramaniam 2009; Uyar et al. 2015). These studies have focused on work experience or career stage (Eweje and Brunton 2010) as well as factors relating to gender, age, religiosity and personal values (Enderle 2003; Uyar et al. 2015). The inclusion of spiritual values in this context is relatively novel, and the link between issues of ethical behaviour, common good and morality remains one of the more interesting, if under researched, aspects of the spirituality in the workplace [SWP] literature (McGhee & Grant, 2016). In this wider literature, a strand of research addresses issues of spirituality and ethics in the workplace (Case and Gosling, 2010; Tackney et al, 2017). However, this work has not directly linked to ethics in the critical accounting literature (Everett and Tremblay, 2014; Lehman, 2014), and analysis has not been disaggregated into personal, firm-level and professional levels. While this may derive in part from the comparative novelty of this association (Gibbons, 2000), the paucity of studies in this area may also be traced to the methodological challenges inherent in investigating aspects of personal and professional impulse that do not easily lend themselves to observation. As McGhee & Grant, (162, 2016) note ‘[m]uch of what exists is quantitative in nature’ and ‘such studies are limited in their capacity to understand an agent’s motivation for acting’. Our focus on self-reported influence allows us to address this issue directly. Much of the work on ethical behaviour breaks down the factors which might trigger ethical or unethical decisions into a number of categories: those relating to the individual; the organisational context; or the nature of the ethical issue itself (O’Fallon and Butterfield, 2005). Complementing experimental work which focuses on different scenarios or types of ethical issues, our primary focus is on the first two of these levels, referred to by Kish-Gephart et al. (2010, 2) as ‘bad apples and bad barrels,’ extended to also examine the impact of primary discipline and the professional body, with a focus on the contrast between lawyers and accountants.

Relatively little attention has been given in prior work to the distinction between disciplinary and organizational contexts. Spence has explored the way in which habitus is formed in big-four accounting firms (Spence and Carter, 2014; Carter, Spence and Muzio, 2015; Spence et al., 2015). While it is clear that an accounting mindset is formed in the course of professional training in the firm, it is less clear to what extent this can be attributed to the firm itself, or to the professional body. This is a non-trivial question to explore: if the professional body is largely irrelevant in the formation of the habitus of the professional, it raises the question of what distinction is conferred by membership. Most studies in the business ethics literature show that that the existence of a code of ethics has a positive influence on ethical decision-making, and that a positive correlation exists between an ethical climate or culture and ethical decision-making. (O’Fallon and Butterfield 2005, 397-398). These findings would suggest that in tax work, the influence of a professional body having a code of ethics would be a positive influence on ethical choices, as would an organisational climate which is perceived as ethical in nature. However, tax professionals face competing logics: to

generate profit, win clients and retain them, and establish reputation while at the same time remaining a professional with all the implied ethical values and focus on the public interest (Carter & Spence, 2014). These factors may temper the daily influence of the professional body on the individual tax expert. Beyond the question of the influence of the profession, the ethical formation of tax experts within a firm remains something of a black box. At what career stage, for example, are practising tax experts more or less aware of issues of ethics, public interest and spiritual values? How does this vary between large and small firms? Is the influence of the public interest greater in domestically centred firms or in international ones? In practice, the work of tax experts takes place in a range of settings, and an employing firm or corporation will have tax experts who are themselves diverse in terms of career stage, experience and disciplinary formation. By exploring these issues in a wide range of organisational contexts, and directly interrogating the level of reported influence of the firm ethos and the professional body, we aim to shed light on this issue.

3. Method and data

Much of the work on ethics and tax has been experimental in design. Commonly, the subjects of the experiments are not currently engaged in the kind of work that is being examined in the scenarios or vignettes with which they are presented. Furthermore, “the widespread use of vignettes and scenarios (Weber, 1992; Weber & Gillespie, 1998), although useful, may in some cases inadvertently prompt deliberation that takes participants out of the realm of more impulsive types of unethical decisions” (Kish-Gephart et al., 2010:22). While this approach has a contribution to make when the focus is on decision-making, it may be less suitable for our research objective which is to address the question of awareness on the ground, and to analyse the degree to which currently-practicing tax experts are aware of various ethical and spiritual issues in the course of their daily work.

We draw our initial primary data from an online survey instrument developed to gather the perceptions of tax experts on the ethos of their employing organisation, their awareness of various external factors in the course of their work, the personal qualities they most valued in themselves in their work environment, and the factors that might lead them to make a more aggressive or innovative tax decision. These variables were gathered in a series of questions asking respondents to rate the factors on a five point Likert scale. For most variables, the object of study was the relative importance of a particular factor rather than the absolute score, these Likert scores were also converted to rankings within each category. For example, the survey asked respondents to score the extent to which a range of descriptors would apply to the ethos of their organisation. For the purpose of this study, however, we are less interested in the absolute score given to the descriptor “ethical” in this context, and more in the importance of that descriptor relative to the other options available such as “controlling”, “pragmatic” or “profit focused.” By ranking the responses to this question for each respondent, we obtained a variable that more accurately identified those who perceived the ethos of their organisation as primarily ethical, or primarily something other than ethical. We also gathered basic demographic data about the respondents and their employers, and included two free comment questions which allowed for answers to be expanded or clarified, and for qualitative responses to be gathered.

The instrument was rolled out by employers from a range of sectors, and was commonly completed by tax experts in the course of their working day. We received a total of 1,444 valid responses to the survey. We eliminated 74 who did not work directly in taxation, 89 who spent less than two minutes on the survey and a further 94 that were very incomplete. Manually reviewing for inconsistent

entries removed a further 40 respondents. Finally, 101 responses where the variance across more than one set of likert questions fell below a pre-set threshold, or where more than one set of likerts was not completed, were removed. This left us with 1,042 usable responses. Some manual review and adjustment was made to professional qualification, primary discipline and sector fields to ensure consistency and facilitate analysis.

Our final dataset derived from respondents from 59 countries. The primary discipline of respondents was 60% accounting, 23% law, and 27% tax or other. Approximately two third of responses came from tax experts in professional practice, with just under a quarter working in corporate settings and slightly less than 10% in the public sector. The sample was evenly spread by gender, and achieved a good range of career stage, including 40% who were either taking professional exams or recently qualified as well as a majority with more established careers. Only 4.5% were not pursuing a professional qualification. Firm size ranged from micro enterprises with fewer than 10 employees (13%) to large firms with more than 100 employees (61%). Most (46% of employing organisations) were based in more than one country.

To interrogate questions of ethics and spirituality, we focused on a subset of the data, isolating responses to questions which asked respondents to rate on a 5-point Likert scale the influence on their day-to-day work of personal ethical values, spiritual or religious values, their professional body or the ethos of their organisation as well as a range of similar factors. Similarly-structured Likert questions elicited responses on the ethos of the employing firm, the personal qualities most valued by the respondents, and the factors which might lead to the making of a more aggressive or innovative tax decision. The Likert scores were also converted into ranks as discussed above. Because normality could in general not be assumed, non-parametric tests were used.

To address the aims of this paper, we initially explored the circumstances in which respondents accorded a high or low rank to “personal ethical values” or “spiritual or religious values” at a disciplinary and an organisation level. Because these involved in all cases testing for difference across a binary variable (such as accounting/law, for example, or large/small firms), we used the Mann-Whitney U test. We went on to explore the relationships between high or low levels of ethical awareness and a range of factors that might create pressure in the tax decision-making process. This allowed us to determine whether different factors were influential for respondents with different levels of ethical awareness. Again, because these tests were for difference across a binary variable (such as high/low level of awareness), we used the Mann Whitney U test.

4. Findings

In this section, we present results of initial exploratory tests on the relationships between self-reported influence of ethical and spiritual values, the base “awareness” level of Rest’s (1986) model, and a range of other factors at personal, firm-level and professional level. Depending on the purpose of the test, we use both Likert scores and the relative ranking of these scores within the bank of related factors, for reasons discussed above. These data were explored using non-parametric tests for differences, as noted above. Our tests and findings are organised on three levels: by discipline, by organizational factors and at an individual level, exploring the distinction in influence between personal ethical values and spiritual or religious values.

4.1 Discipline

Study of the tax field offers us the opportunity to explore differences in self-reported influence of ethics and spiritual values across a set of accountants and lawyers who are engaged in similar work and often working side by side in the same firm. Table 1 presents the results of Mann Whitney U tests across the two disciplines.

Table 1: Mann Whitney U tests across accounting and law

Variable	Accounting	Law	Sig.	Higher rank among
Awareness: Personal ethical values	421.26 (n=628)	462.4 (n=236)	0.013	Accountants
Awareness: Spiritual or religious values	388.79 (n=575)	423.76 (n=221)	0.051	Accountants
Firm ethos is Ethical	420.68 (n=636)	475.78 (n=234)	0.001	Accountants
Valued trait: Ethical	422.64 (n=631)	462.67 (n=235)	0.004	Accountants
Valued trait: Nuanced	424.23 (n=584)	361.09 (n=228)	0.000	Lawyers

These results show significant differences on a range of key ethics variables across the primary discipline, with accountants in general reporting higher levels of ethical awareness. Accountants report more awareness of both ethical values and spiritual values in the course of their day-to-day work. Accountants are also more likely to characterise the ethos of their workplace as ethical than lawyers are. They rank “Ethical” more highly as a personal trait which they bring to their work than do accountants. Lawyers, by contrast, place a higher rank on “nuanced” as a personal trait at work. No significant differences emerged between accountants and lawyers in terms of their awareness of the public interest, or of their professional body.

To further explore the issue of ethical formation by discipline, the sample was partitioned by career stage² and the tests were repeated on each of the three subsamples, Table 2 presents the results.

Table 2: Significance of Mann Whitney U tests across accounting and law at difference career stages

Variable	Significance level of difference			Higher rank among
	Studying	Early stage	Established	
Awareness: Personal ethical values	>10%	1%	>10%	Accountants
Awareness: Spiritual or religious values	>10%	>10%	5%	Accountants
Firm ethos is Ethical	5%	10%	10%	Accountants
Valued trait: Ethical	5%	10%	10%	Accountants
Valued trait: Nuanced	5%	>10%	5%	Lawyers

The differences in awareness of personal ethical values between accountants and lawyers are significant only at the early career stage, while the propensity of accountants to be more aware of spiritual values is only significantly different to lawyers among established professionals. The difference in the propensity of accountants to value the personal trait “ethical” persists at all career stages, though it becomes less significantly different from lawyers once the professional exams are complete. This shows quite a different pattern emerging between ethical awareness and spiritual awareness, with the former perhaps being more closely connected to the firm and the profession, while the latter may be more personal. This is explored further below.

² “Studying” is defined as taking professional exams while working; “Recent” applies to those respondents who qualified in the previous five years; “Established” refers to those who are more than five years qualified.

Several qualitative comments made in response to the survey linked the professional body or professional formation to ethics. Some presented a view that is in line with the dominant narrative on the role of ethics in professional formation: *“That is what being a professional is, and inherent in that is a strong sense of the ethical framework within which a professional operates.”*

Others were more critical of the professional body in not upholding ethical standards: *“There is very little oversight and regulation of advisory firms from professional bodies or the government, nor are any fines places or penalties placed on individuals. As such tax professionals work in a bubble. Day to day they work under immense pressure from their superiors with one aim; to find new and innovative ways to minimise taxes for clients. The more innovative the solution the higher the fees that can be charged to clients. Ethics, morals or the political landscape (e.g. austerity) do not feed into daily work practices.”* This comment not only presents a critique of the role of the professional body, but also suggests that organisational logics may dominate the base disciplinary ethical formation. It also links directly to the work of Radcliffe et al. (2018) on the growing pressure of commercial logic within the professional service firm.

A slightly different perspective, also critical of the professional bodies, focused on their lack of public defence of the ethical standards of tax professionals in the face of extensive media coverage of tax avoidance. *“It makes me wonder why we bother having ethical codes of conduct if the professional bodies aren't prepared to defend the ethics of their members who conduct their professional lives in accordance with their letter and spirit.”* This respondent clearly saw their professional body as a potential defence against public attack, echoing the kind of “closed roof” view of professionalization presented in O’Regan and Killian (2015).

4.2 The firm

This section focuses at the organisational level, and explores the prevalence of a range of factors relating to ethics, spirituality and the public interest in firms with different characteristics different types. In particular, the size and internationalisation of the firm, as well as the sector of its operation are explored.

Table 3 presents the results of Mann Whitney U tests to test for differences in the ethical awareness across large and small firms, where large firms are defined as those with more than 100 employees, and small firms as those with 50 employees or fewer.

Table 3: Mann Whitney U tests across firm size

Variable	Small firms	Large firms	Sig.	Higher rank among
Awareness: personal ethical values	463.911 (n=326)	470.189 (n=609)	0.693	Small firms
Awareness: the public interest	429.494 (n=313)	475.757 (n=606)	0.011	Small firms
Awareness: professional body	408.133 (n=319)	484.69 (n=596)	0.000	Small firms
Awareness: spiritual or religious values	353.686 (n=288)	467.806 (n=570)	0.000	Small firms
Firm ethos is ethical	475.512 (n=330)	470.881 (n=614)	0.773	Large firms
Valued trait: ethical	477.689 (n=328)	465.097 (n=610)	0.381	Large firms
Valued trait: nuanced	472.747 (n=293)	422.068 (n=584)	0.005	Large firms

No significant differences are found in the ranking of ethical awareness between small and large firms. However, respondents in small firms report a significantly higher ranking of awareness of spiritual or religious values. This is consistent with the idea that spiritual values may be more

personal than ethical values, and so may be more influential in the absence of dominant organisational logics in larger firms. Respondents from smaller firms also reported a higher awareness of the public interest and of the professional body. The latter may be in part because tax experts working in smaller firms may rely more on the professional body for technical support in complex tax matters, whereas large firms are more likely to have specialist departments which can offer this in-house. There are no significant differences in the degree to which the firm ethos is regarded as ethical, or the ranking accorded to “ethical” as a valued personal trait. Respondents in large firms, however, ranked “nuanced” significantly higher as a valued personal trait.

To check if this effect was driven by large transnational firms, the tests were repeated with the sample partitioned between those firms located in only one country, and those with an international presence. Table 4 presents the results of Mann Whitney U tests for difference between responses from domestically-centred and the transnational employers.

Table 4: Mann Whitney U tests across internationalisation differences.

Variable	One-country	Transnational	Sig.	Higher rank among
Awareness: personal ethical values	505.518 (n=446)	518.763 (n=579)	0.413	one-country
Awareness: the public interest	458.852 (n=430)	536.015 (n=575)	0.000	one-country
Awareness: professional body	453.172 (n=436)	540.364 (n=568)	0.000	one-country
Awareness: spiritual or religious values	413.704 (n=398)	510.624 (n=540)	0.000	one-country
Firm ethos is ethical	503.308 (n=451)	530.212 (n=585)	0.096	one-country
Valued trait: ethical	500.857 (n=449)	526.816 (n=581)	0.076	one-country
Valued trait: nuanced	525.157 (n=408)	452.12 (n=557)	0.000	transnational

Again, there is no significant difference in awareness of personal ethical values between tax experts employed by domestically-centred and transnational firms. However, employees of domestically-centred firms report significantly more awareness of spiritual values, the public interest and their professional body than those employed in transnational firms. They also accord a significantly higher rank to “ethical” both as a valued personal trait as characterising the ethos of their employer. Respondents employed by transnational firms rank “nuanced” as a significantly more important personal trait.

For some respondents adding open comments, the firm-level ethos was an important determinant of ethical values: “my employer’s expectations are centered fully on strong ethics.” Echoing the finding that a key determinant of this awareness is the degree to which a firm is centred in only one country, one respondent noted the importance of “national wide ethic values, the governmental behaviour, equity of the tax payers.” The idea of a sense of national values may be an element in the greater weight placed on ethics and the public interest in domestically-centred tax firms.

These tests were also run to test for difference between respondents working in professional service firms, and those employed in corporate settings. No significant differences were found across the range of ethics-related or public interest variables. However, tax experts working in corporate settings were significantly more likely to report a daily awareness of spiritual values.

4.3 The individual: ethics and spirituality

This section explores the relationship between the foundational “ethical awareness” variables and the factors which might lead a tax expert to make a more aggressive or innovative tax decision. The language of “innovative or aggressive” was chosen both to identify a range of tax choices, and to avoid any sense of value judgement on the choice. There is no assumption that these decisions constitute either evasion or avoidance; rather the focus of study is the factors which might create or exacerbate a situation in which a decision considered either innovative or aggressive by the tax expert themselves might be more likely. These can loosely be categorised as aggravating or pressurising factors. Respondents scored each of these factors on a five-point Likert scale: Ambiguity in tax rules; Likelihood of audit; Client expectations; Time pressure; Competitors’ aggressive tax planning; Personal ambition; Importance of client to firm; Opportunity for international exposure; Personal technical ability; Amount of money involved; Nature of transaction; and Client or firm ability to pay tax. What is being examined is the relative importance of each of these factors in the context of self-reported ethical awareness, and so in common with the tests reported above, the Likert scores were converted to ranks for each respondent.

As well as examining the relationship between awareness and the foundational circumstances which might trigger a tax decision, these tests also afford an opportunity to explore relationships between ethics and spirituality, and between various measures of personal awareness which would be characterised by the Rest (1986) model as precursors for ethical decision-making. We used four such measures: the perception of respondents that the ethos of the firm is ethical; their self-reported daily influence of personal ethical values, or of spiritual or religious values; and the degree to which “ethical” is a personal quality they value highly in themselves in their daily work. These were reported using 5-point Likert scores, and we converted each to a binary variable, identifying those who scored high or low on each, so as to facilitate tests for difference between the sets of respondents with high or low levels of ethical awareness as captured by each measure. Because the distribution of Likert scores was not even across these variables, these were variables were defined so as to create distinct groups, as follows:

Table 5: Definition of binary ethics-related variables

Variable	Takes value 1	Takes value 2	n (1)	n (2)
HiloEthics	Likert on awareness of personal ethics <4	Likert on awareness of personal ethics >4	153 (14.9% of sample)	598 (58.3% of sample)
HiloSpirit	Likert on awareness of spiritual values <4	Likert on awareness of spiritual values >4	212 (42.9% of sample)	402 (22.6% of sample)
HiloEthicalEthos	Likert on ethical ethos in firm <4	Likert on ethical ethos in firm <4	154 (14.9% of sample)	590 (56.9% of sample)
HiloEthicalSelf	Likert on “ethical” as a valued personal trait <4	Likert on “ethical” as a valued personal trait <4	301(29.2% of sample)	729 (70.8% of sample)

As in previous tests, the non-parametric Mann-Whitney U test was used to test for differences across the groups, with a particular focus on the factors that might lead to a more innovative or aggressive tax decision, and on related awareness issues (the professional body as a potential site of ethical formation, and the public interest). Results are presented in Table 6.

Table 6: Differences in aggravating factor rankings across the binary ethics variables

variable	More important where ethical self-image is	More important where firm ethos is	More important where ethical awareness is	More important where spiritual awareness is
Factor: Ambiguity in tax rules	High ^{***}	High [*]	High [*]	Low ^{**}
Factor: Likelihood of audit	High	High	Low	Low [*]
Factor: Client expectations	Low	High	High	High ^{**}
Factor: Time pressure	Low	Low	High	High ^{***}
Factor: Competitors' aggressive tax planning	Low	Low	Low	High ^{***}
Factor: Personal ambition	Low	Low	Low	High ^{***}
Factor: Importance of client to firm	High	Low	High	High ^{***}
Factor: Opportunity for international exposure	Low [*]	Low ^{***}	Low [*]	High ^{**}
Factor: Personal technical ability	High ^{**}	High ^{**}	High ^{**}	High
Factor: Amount of money involved	Low ^{***}	Low ^{***}	Low	High
Factor: Nature of transaction	High [*]	High ^{**}	High	Low
Factor: Client or firm ability to pay tax	High	Low	Low	High ^{***}
Awareness of the public interest	High [*]	High	High	High ^{**}
Awareness of professional body	High ^{***}	High ^{***}	High ^{***}	High ^{***}

^{***} difference significant at the 1% level

^{**} difference significant at the 5% level

^{*} difference significant at the 10% level

This table shows that spiritual awareness relates to these pressurising factors with a very different pattern to other forms of ethical awareness. Individuals with a high level of spiritual awareness are less likely to report situational factors (ambiguity in tax rules, the nature of the transaction or the likelihood of an audit) as likely to push them to make an aggressive or innovative tax decision. They are, significantly more likely to report factors relating to the client (client expectations and the ability of the firm or client to pay tax), firm-level factors (the importance of the client to the firm and competitors' aggressive tax planning) and ambition factors (personal ambition and the opportunity for international exposure) as pressurising factors. Those with a high level of spiritual awareness are also more aware in their daily work of the public interest than those who report personal ethical awareness. These tests suggest that spiritual values are in practical application quite different to ethical values in a professional context.

Those with a high level of ethical awareness by most measures are more affected by their own personal technical ability, ambiguity in the tax rules and the nature of the transaction, suggesting that they will act in an innovative way when they feel more confident, technically. They are significantly less affected by the amount of money involved, a factor that was not relevant for those with a dominant spiritual awareness. Very few respondents added open comments that referred to spirituality, an exception being: *"my ethics and my religion affect how I work."* Most appeared to understand ethics as relating at least in part to the ethical standards of the organisation or the discipline, with many overtly making a link between organisational-level ethics and personal ethics, as exemplified by the comment: *"Personal and corporate ethics are most important factor."*

5. Discussion and conclusion

In this paper, we have explored the prevalence of various forms of ethical awareness across the field of tax experts. Our work is novel in its fieldwork approach which spans the disciplines of law and accounting, in introducing spiritual as well as ethical awareness to the frame, and in focusing on awareness as the foundational element in Rest's (1986) model of ethical decision making. Our work is coherent with recent studies on the competing commercial logics within professional service firms, and on the nature of tax work as a profession.

We find that accounting as a discipline appears to inculcate a higher level of ethical awareness than does law. This persists across a range of measures, including foundational awareness of both ethical and spiritual values in daily work, a sense that the ethos of their employing firm is ethical and ranking "ethical" as a highly-valued personal trait that they bring to their own workplace. This appears to indicate that accounting as a foundational discipline generates a higher level of ethical awareness than does law. Law seems to lend itself more to interpretation, with lawyers both at a studying and an established career stage being simultaneously less likely to report ethical as a valued personal trait, and more likely to choose nuanced as a valued self-descriptor than do accountants at equivalent career stages. However, the reported influence of personal ethical values on daily work is only significantly higher in accountants than in lawyers at the early career stage, within five years of qualification. Since both lawyers and accountants report increasing levels of ethical awareness as their career progresses, perhaps the work of tax lawyers and accountants has a homogenising effect on this early disciplinary divergence. It may be that the culture of the firm moderates the impact of the professional body, particularly in large firms where the daily influence of the professional body is reported as significantly lower.

Large and multinational firms also show a lower daily influence of the public interest and of spiritual or religious values. The differences between large and small firms are less marked than those between single-country and transnational firms. Where respondents were employed by firms located in only one country, they reported a higher daily influence of the public interest, the professional body and of spiritual or religious values. The idea of the public interest for nationally-focused firms may be easier to conceptualise, particularly for those whose work in tax relates directly to ideas about the fairness of the tax system and to whom its ability to promote equality or to fund state services may be more evident. This raises the question on what the public interest means to professional bodies, and how those professional bodies which are themselves trans-national conceptualise it and promote it to their members.

While respondents in large and small firms show no difference in their perception of the ethical nature or otherwise of the firm ethos, or of the importance they attach to “ethical” as a personal trait in their own work, there is a difference across the boundary of national or trans-national firms. Respondents from firms which are based in more than one country are significantly less likely to report their employing firm’s ethos as ethical, or to highly value ethical as a personal trait. This strongly suggests that the Spence and Carter (2014) suggestions on the competing commercial logics of big four firms may be driven in large part by their international nature rather than their size *per se*. It also raises questions on how professional bodies relate to such large firms, where their daily influence is reported as significantly lower, and where their influence on ethical formation may be most notably absent.

Spiritual awareness emerges as having real demonstrable effects in terms of the factors which create pressure around tax decisions. It differs from ethical awareness in significant ways, with high spiritual awareness appearing to moderate some situation-specific factors such as legislative ambiguity or likelihood of an audit. High spiritual awareness is, however, associated with factors related to the client, the firm or to personal ambition creating pressure on decision-making. Ethical awareness as it works out in the course of daily work appears to interact negatively with concerns about personal technical ability and legislative ambiguity. These differences are interesting because they underline the importance of ethical awareness in the daily work of tax experts, and demonstrate a real impact, and at the same time, they point to varying specifications of how “ethical” and “spiritual” are understood.

When these varied understandings are taken in the context of the findings on the moderating impact of firm culture on the disciplinary norms, the question arises as to what is the role and effect of the professional body in ethical formation. Given the diversity of employing organisations, and the ethics-based public interest claims of professions, they should have a role in ensuring that ethics and ethical are broadly understood terms, and that there is some uniformity in how professionals from various disciplines ethical standards in their daily work. The qualitative comments from respondents indicated some frustration with a lack of action by professional bodies in this regard, relating the lack of action from the professional bodies to trust: *“The trust in accountants and lawyers has been eroded by the actions of a few.”* However, if as suggested by Rest (1986) ethics are normed from a tax expert’s peers, then the effect of the firm becomes more pronounced throughout the individual’s career. This is supported by the finding that accountants and lawyers become more similar in ethical awareness as their career progresses, and suggests the importance of firm-level codes of ethics consistent with O’Fallon and Butterfield (2005) as well as professional ethical formation. This effect is most marked in large, multinational firms. Given the reach of the big four accounting firms and the social impact of the potential tax revenues from their client base, further attention may be merited around their effect on professional ethical formation.

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