

A LETTER TO MY PROFESSION I:

Drifting of the Accounting Profession to Obscurity?

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A LETTER TO MY PROFESSION: Drifting of the Accounting Profession to Obscurity?

I read in the daily newspapers this morning (August 11, 2015) about the Presidential Committee on Anti-Corruption set up by President Muhammadu Buhari and quickly noted the conspicuous absence of accountants in the membership of the Committee and the dominant presence of lawyers, psychologists and sociologists. This is just one example. Others in the past include our non-inclusion in the National IT Development Agency [NITDA] Board of Directors (despite the fact that accounting influences information technology and accountants use it the most), our seeming indifference to the processes leading to the passing of key legislations that affect our profession, to mention just a few.

Accounting is a historical instrumentality of governance of great institutions and great nations. When they (i.e., institutions and nations) are constructing their economies, when they are fighting defining wars (such as war on corruption), “leaders from ancient Mesopotamia to the present [day, emphasis mine] have relied on accounting to govern national resources and to guide policy formulation.” For that reason, accounting and accountants are held with almost reverential awe in the history of all societies. Why President Buhari ignored the Nigerian accounting profession in the war on corruption may never be known. What is certain is that it is an unusual departure from a long history of recognition and respect for accounting, and confirms the emerging predisposition of society to search for solutions from elsewhere than accounting. This development has significance that we need to discern.

Such a departure is an indication of the imperceptible drift of our profession into obscurity. It is also significant for another reason: we are not noticing and characterizing such events accurately (it is noteworthy that for failing to take note, civilizations and empires have been wiped out in the history of humanity). There is no external force deliberately moving us in that direction. Rather it is the result of our profession's unwitting but steady drifting to decline mentally, morally, intellectually, and professionally. “Leadership” and followership in our profession have become blasé, less strategic in focus and largely blindsided by many changes in the global economy, coupled with ***our seeming unwillingness (or lack of sufficient motivation) to learn, unlearn and re-learn, at the speed of changes taking place in our society and around the world.*** Sometimes our prominent members and even our institutional existence might be part of the situations that detract from our profession's historical credibility for intrepidity and rectitude. These are not being said to assail our profession or its current leadership. It is an attempt at suggesting courage to admit our failings without which there will be no honest effort to correct what is wrong. To be sure, there are still many reasons to be proud of accounting today, yet the dangers we should be worrying about are present and clearer.

I have in the past written about these dangers directly to the Council of the Institute of Chartered

Accountants of Nigeria. My predictions are beginning to come true. If anyone doubts that our profession is being relegated to obscurity, this non-inclusion of an accountant in the Anti-Corruption Committee should serve as a wakeup call. There is a lot the accounting profession can do in anti-corruption initiatives because “governance and control thought leadership” is our sphere of influence. That the president and his advisers do not have us in their contemplation on such a serious issue should be troubling. To be in the psyche of the society a profession like accounting needs to have a pipeline of things being done and to do to incite, get and retain the attention of society. Such things must be positive, salient, pithy and relevant to the contemporary anxieties of the local community (and even global community), for example, anti-corruption initiatives. It is my studied opinion that in matters like anti-corruption the accounting profession should provide intellectual and moral leadership. Accountants should lead, not follow; the history of capitalism destined our profession for societal leadership, particularly in organizing capital formation and protecting society's wealth. We must not let that trust slip due to blind spots and blindsides that we ought to have illuminated to brilliance. Capitalism was not wrong in placing so much confidence the accountants. The accountant in a capitalist system is like the doctor to life. Like the doctor, accountants are there when capital is conceived and brought to fruition and employed, they are there when capital operates to create wealth and we are there when wealth is distributed, even finally when the companies die and their assets are being distributed; we should see this as huge privilege, a profoundly noble responsibility. So how can accounting not accept responsibility for failure in our society? It would be like doctors shirking responsibility for poor health quality of life. That would be a serious lack of accountability. The value and relevance of a profession (including how much clients are willing to pay for services) can be measured by how much its stakeholders and society in general have the profession in contemplation when considering societal problems. We need solemn introspection for the future of our hallowed, beloved profession. A lot has happened to dilute our prestige such as the global financial crisis, etc. We need to orchestrate (and take) urgent institutional steps to retake the glory of the profession by shifting into a self-correction course, communicating that action to our community in a manner that restores confidence in our profession. Otherwise, the accountant of the future will become a mere technician should accounting decline into a tawdry profession. In markets where accountants are highly valued there is one consistent truth: accounting maintains compelling intellectual presence with high visibility for its impact on solving problems in the market (even in the face of failures like the financial crisis). This is lacking in the Nigerian accounting profession at the moment. Without institutional intellectual leadership, without evident demonstration of visible, thoughtful contribution

to solving society's problems, the value and relevance of our local profession will diminish as our stakeholders and society seek alternative sources of solution to their problems and get used to doing so going forward. This is beginning to happen, again quite imperceptible to us.

As leaders of the profession, I call on the two national professional bodies, Big 5 accounting firms and relevant agencies to grasp the nettle. We inherited a strong accounting profession from the forefathers and fathers of the profession. Generational justice imposes a moral obligation on us to bequeath on to posterity a profession that is at least as strong as we inherited it; if not a stronger profession. Why not, given that we have the advantages of Information Age?

To regain and maintain highly respected professional presence the Nigerian accounting profession needs to visibly restore its intellectual leadership of the quest for solutions for wealth creation and management problems in the economy. This will require calling out all its thinkers who have the initiatives that can be translated into thought leadership message to the society. But it will be great to start with improving thought leadership in the profession itself. This will require the coalition of leading institutions, firms and individuals. I would suggest as a starting point the commencement of ACCOUNTING & AUDIT THOUGHT LEADERSHIP CONFERENCE supported by all major players in the industry. This will be an annual event quite different from the individual annual conferences of the professional bodies. This initiative aims at ***strengthening the accounting profession to strategically compete for the future, through intellectual thought leadership in our local community***. Speakers are selected based on their vision of the future of the accounting profession in Nigeria and on their ability to intellectualize critical issues of our society showing the relevance of accounting and accountants in the quest for solutions. The anti-corruption war under President Buhari is a defining moment in our history, it is an opportunity and a test from which the accounting profession should not be missing. A Conference Director/Chief Thought Leader needs to be charged with responsibility for identifying critical issues and opportunities where the profession needs to show strong intellectual and moral presence and then frame and illuminate prisms for our members through seminars, conferences and debates. Many current issues in the profession need attention and offer opportunity for intellectual leadership, such as:

- ❓ The making of a professional accountant
- ❓ Technology competence in the accounting profession (next stop: Internet of Things - what are the accounting and auditability issues)
- ❓ Development of auditors' judgment capacity - necessary for forming opinion in an increasingly complex business world (aimed at restoring accountants'/auditors' competence for ***reflective***

judgment - some of the recent accounting crisis and audit failures resulted from poor judgment when professionals “rushed to solve” with **reflexive judgment**). A Deloitte thought paper (Judgment Sustained) asserts that “poor judgement is one of the major causes of audit failure,” emphasizing the need to rebuild our judgment capabilities

- ② Audit quality assurance - falling audit quality, partly due to falling standards of education, including professional accounting education
- ② Bridging audit expectation gap (to inform the market about the basis of the expectation gap and its solutions; will also help them not to ignorantly frame corporate failure as audit failure)
- ② Auditor as Gatekeeper for Shareholder value assurance
- ② Impact of self-control on governance risk and internal control
- ② Inculcating an inquiring character in auditors (framing and asking audit questions, recognizing that diligent inquiry is key to auditing). Incompetent inquiry is one of the key reasons audits fail.
- ② Making failure productive (aimed at helping the market not to focus on accounting's failures but on its potential; and to influence how the market frames accounting crisis)
- ② Leading with Character: The Role of Accountants in Developing a Nation (designed to inculcate critical leadership qualities in accountants, not just for leading audit projects and accounts departments, but for leading in our community, contributing to the capital formation processes necessary to developing a nation)
- ② Spirituality and ethics in governance, control and audit and how that might help anti-corruption efforts of the government (speaks to the profession's public trust role and its corporate social responsibility to influence through its force of rectitude). Emerging research show that spirituality is the promising solution where standard governance and control best practices have failed. Accountants can bring spirituality to bear on what they do in society.

Hopefully accounting and accountants will look better in the eyes of the public and the market, which will enhance the reliance of society on the accounting profession.

In all these, all the Big 5 firms have contributed intellectual capacity to some of the initiatives that I am involved with, but more so KPMG Nigeria followed by PricewaterhouseCoopers. It is only fair here that I mention the person of Tola Adeyemi of KPMG, who has been a consistent pillar of support, and a leading light in the profession. Grant Thornton Nigeria in 2013 sponsored an expatriate from London to support a conference that uplifted the presence and image of the profession. All these are appreciated but they are altogether below what is required to make strategic impact for the future of our

profession. Positioning the Nigerian accounting profession to compete for the future is a shared responsibility that we need to give due attention to or we risk suffering the phenomenon of “the tragedy of the Commons.”

PLEASE NOTE THAT THIS LETTER IS NOT AN APPEAL FOR FINANCIAL ASSISTANCE. It is an appeal for intellectual and institutional support, for the shared future of our profession.

I am not the only person making efforts to bolster our local profession. There are many other individual initiatives languishing in the profession. The professional accounting bodies should encourage such individuals to come forward with their ideas. With so many of our members brimming with ideation in the profession we have a rich diversity of leading lights illuminating the path to our great future. All should be encouraged to do so. The profession, led by the national Institutes and big accounting firms should find a way to harness these individual initiatives that are lying dormant in the profession. That way the presence of the profession will grow beyond the Big 5 and beyond the perception of the accountant as a bean counter.

Rationale for Engaging Accountancy Bodies and Firms at this Time

The rationale for calling on accountancy bodies, agencies and firms in Nigeria to join and/or support private initiatives is that I have realized, after many years of watching our members struggle with private initiatives, the wisdom that there are changes that require institutional strength to achieve. Rebuilding and competing for the future of a profession is obviously one of them because an individual, no matter how well-intentioned, cannot do all that is required to achieve the desired change. If the things that I and others like me in the profession have done are repeated with institutional presence of the two professional bodies, relevant agencies and the Big 5 firms, they will contribute more to the public perception and evaluation of the profession and help to further etch and entrench accounting in the consciousness of national policy decision makers. Then accountants will always be remembered whenever the government is building a team like the Presidential Committee on Anti-Corruption.

Perhaps it is pertinent at this point to remind us that the Nigerian accounting profession used to have commanding voices in the Nigerian economy: Akintola Williams, Arthur Mbanefo, Ebenezer Oke, Abdulkadir Ahmed, Paul Ogwuma, J. K. Randle, to mention just a few. These leading lights raised magisterial voices in public discourse while active in practice/service, and were heard, which radiated the intellectual luster of the individual accountant and maintained the societal respectability of the accounting profession. Consummate accountants they are who helped place accounting in a commanding height in the economy. We are losing that commanding height. Necessity is placed on us

to reclaim the height; failure is not an option because when you fail you become an orphan. On the other hand, success has many fathers (admirers). When you are admired you command higher market value: higher salaries for accountants, higher audit fees, paid happily by employers and clients, and of course, get called to fill important roles in society.

Where are the new compelling voices in the profession today? Where are our new leaders? Can they assertively take their place at the table and make the presence of the profession felt and not just heard in matters of national concern such as Anti-corruption? Why do we seem to be slinking and sliding into oblivion in the face of challenges such as corruption in Nigeria? Is it that we no longer have men and women of rectitude with the moral authority to stand out publicly ready to be scrutinized as they give teeth to the war on corruption? The accountant used to be a symbol of integrity and accountability. That should not change in our time. We have men and women of character, integrity and diligence, starting with me. In a low trust society, one should not be shy, embarrassed or apologetic to redeem one's profession by standing up as a symbol of integrity because it did not come by chance (it takes definite decision, spirituality, self-regulation, sacrifices, diligence and courage to maintain integrity). Accountants should be the epitome of responsible citizens. An accountant who is a responsible citizen should be able to publicly say "I have no corrupt wealth in my prosperity, I can account for all that I possess with austere rectitude." That is what I, Christian Ekeigwe, am saying and ready to be scrutinized, even publicly. To be sure, this is not puffery and I am not applying for a job here, but just proving myself right that accounting profession still has many good men and women, and of these I am just one. This should be the moral authority for accounting to lead in our community, in particular to lead in anti-corruption. I hope we have not lost it. Many of my contemporaries are even much better than I am, but perhaps wrongly believe that modesty demands you do not stand up until called; they forget these are not normal times and that we are now being assailed and marginalized. If we fail to stand up the detraction gains legitimacy. We should not sacrifice our future to irrational modesty. Tell the world we are here, that we are good for something and that we shall do it if called upon. Wherever you are, I call on you all, please stand up now and say you can subject to public scrutiny of your competence and integrity, prove you are an accountant made the old-fashioned way, because we are brought up on the motto "Accuracy & Integrity," which is enduring, universal, timeless and distinct by its unchangeableness, and we still uphold it.

It is even more worrying that the pipeline for replenishing these fine accountants is being allowed to be corroded by societal anomie. The young generation of accountants are not being sufficiently baked to

have the courage to be different no matter how corrupt the system becomes (I call them “study pack accountants” who qualify by rote learning using paraphrased literature called study packs; sadly, someone told me she saw a resident doctor in a hospital reading a study pack for his medical exams soon we have study pack doctors). Among them ethics is considered to be old fashioned. They allow the influences of the new acquisitive society to shape their professional thinking. Public trust is relegated to the low background because they do not even understand the social compact that accounting has with society which enshrines public interest as a basis for protecting our public weal. They do not appreciate the need to uphold the public trust. Illicit wealth is glamorized and flaunted; no questions asked. Nevertheless, in a population of 160 million there is a finite number of brilliant brains with proper socialization. All the professions are competing for this limited number of “best and brightest.” Without influential intellectual thrust and responsible prosperity (for necessary economic security nothing in accounting says we cannot be responsibly rich), the accounting profession cannot inspire the best and brightest to select accounting as a primary career. We end up having the profession filled with less than the best minds of society. What people read, see and feel about a group affects the choices they make in relation to that group. It happened to me as a village boy in my native town (Umuoni, Ihitteafoukwu, Ekwereazu, Ahiazu Mbaise LGA, Imo State) in the middle 1970s. One December my elder brother came home from the city with *Business Times* weekly newspaper (we read newspapers only during December when city dwellers visited home). In the newspaper I read an article quoting Akintola Williams and Arthur Mbanefo who said something like “accountants are trained to do their work with intrepidity and integrity.” After looking up the meaning of the words intrepidity and integrity in the dictionary I decided that I must become an accountant (that was the first time I heard the phrase Chartered Accountant when I asked my brother about the names Akintola Williams and Arthur Mbanefo; incidentally my brother who was a car hire driver had driven Akintola Williams at the Hotel Presidential in Port Harcourt about the same time). I did not then associate accounting with making money. It was the brilliance of these men and their message of fearlessness and integrity that attracted me to the profession. (In 1980, by what I strongly believe is Divine Providence, I had the privilege to train and work with Akintola Williams Deloitte. I cherish and still have fond memories of those 13 years that I spent in the firm, and for which I am profoundly grateful to the partners of the firm for the investments they made in developing me).

Today, we are not hearing, seeing or feeling the courageous voices of accounting greats and with their disappearance from the scene goes the next young man or woman, brilliant, best of breed, who would become the accountant of the future in our local profession. Filling the pipeline with dysfunctional

broods, bread and butter seekers is not a great way to secure the future of accounting profession. This is a definite danger, the absence of compelling, magnetic voices in the profession. Talking to new entrants to the profession one learns that most young people joining accounting today have opportunistic, mercenary motives, the type of opportunism that results in the “tragedy of the Commons.” They are not being attracted by the pantheonic, inspiring voices of Akintola Williams and Arthur Mbanefo equivalents in the profession. They are coming because accounting qualification is a sure gate-pass (a meal ticket) to opportunities in banking, a glamorous career. In fact, one writer called them “predatory entrants.” Implicit in competing for the future is also competing for the attention and mind of the best and brightest of our society. It will require the elocution and eloquence of brilliant minds of the profession because a law of physics needs to be violated: in this respect, opposites do not attract, likes do. Brilliance attracts brilliance in the race to the commanding heights. At this point it behooves me to ask: where is our next Akintola Williams, Arthur Mbanefo, J. K. Randle. It will be encouraging and refreshing to see that these accounting greats are being reassuringly replenished in our local profession.

Trust and reputation are no longer seen as critical, enduring capital. Unfortunately, the rest of the world thinks differently. The value that a professional group or society attracts depends on its reputation; in the reputation economy the compensation received by professionals will be determined by the reputation that the market awards the profession and its members. One of the unique attributes of reputational capital is that is not accumulated according to the rules by which other forms of capital are accumulated. Reputation is only awarded by the market, one cannot arrogate it to oneself; the role of the players is to spruce themselves up and exhibit compelling character to the market in order to command respect and reputation or credibility. Courageous leadership requires that accountants build their reputational capital, by design and decision. Nigeria has been penalized by the global capital market with low inflow of global capital as Nigeria is considered a low trust society; that has been our reputation. High trust societies attract patient capital (including human capital), and cheaply too - that is the nature of capitalism. When low trust societies attract capital it is at prohibitive costs and fickle (telecom companies charge higher in Nigeria due to “high cost of doing business,” a euphemism for corruption, and are more eager to finance their overseas investments with profits from Nigeria instead of reinvesting it here. When low trust societies attract human capital it is mostly of criminals, economic mercenaries and hitmen - remember Johnson Matthey Bank scandal in the 1980s in which foreigners used phony invoices to transfer out \$7.5 billion until Buhari stopped them (see the majority of expatriates that dominate in Nigeria, they are not the best their societies have to offer. The really good

ones are very, very few in Nigeria because they either stayed home or flowed to high trust societies). When good foreigners (best and brightest of their home countries) accept the risk to come to Nigeria it is primarily to shepherd and protect their investments, and even at that, they come at great cost. I recall inviting a North American to Nigeria some years ago to come work on a training project with me. He agreed at a high fee and an extra fee which he described as “combat allowance.” I called him and said, Mike, there is no war going on in Nigeria. He replied that he would only take the risk to come to Nigeria if that fee is agreed. I refused to pay because if I being his contemporary I am living here relatively safely I do not see why he could not come. But there are two views here, my perception of risk in my community and the perception of risk in my community by others. Which one matters it depends ... Experience shows that once the optimism index for a society gets poor the foreign parent companies divest and pull out financial and human capital starting with the best and brightest, and send them to destinations considered relatively safer for both human and financial capital. It is necessary to acknowledge some of our contemporaries who are foreigners working here, who are good. It will be unfair to ignore them or allow the bad apple to overshadow the good. We appreciate them.

The role of the accounting profession in building a high trust society has hardly ever been argued or ignored in most nations given how much reputation society has historically awarded to accounting. It is for this reason that I became worried when no accountant was considered for the Presidential Anti-corruption Committee. But that is not to say that all hope is lost. There is still tremendous and terrific intellectual and professional energy in the accounting profession that can be harnessed. Most of this energy is currently lying dormant or flowing in the wrong direction. Competing for the future dictates that we sublimate this energy into dynamic professional energy directed at the strategic goals of the profession.

I strongly believe that what people like me in the profession and I are doing and proposing to engage all stakeholders will edify and galvanize the profession to generate new spirit of enterprise. It will be great if accountants take charge of innovating our profession; for that we need renewed intellectual leadership. We need to become strong and courageous, intellectually, economically and spiritually. Spirituality feeds and strengthens ethical values which contribute to the upholding of public trust and living up to the social compact between accounting and society.

In the interest of the national accounting profession, I will most humbly appreciate all stakeholders meet to discuss my proposal that we pursue initiatives that will refocus attention and investment into

the pursuit of intellectual leadership of the profession in the economy. A good starting point will be the suggested Accounting & Audit Thought Leadership Conference to be convened where we deliberate and intellectualize on issues bearing on the strategic future of accounting as a profession. We must compete for that future now. The future begins today. The year 2016 must see action, not just meetings and minutes of meetings and death of greatness by even more meetings.

Accounting is a great profession, has a great history, and has historically served great institutions and great nations. It will be irresponsible for our generation to end such a great history. We must prevail and not allow any challenges to overwhelm our resolve to continue to be relevant to society; we must earn and maintain the confidence of the market.

This letter was spontaneously motivated when I read the names of those appointed to the Presidential Commission on Anti-Corruption. They are all deserving, no doubt, in their own rights, having demonstrated integrity of their lives course. But given the history of accounting with austere rectitude and its enduring role in society one could summarize this letter with an apt question: WHAT IS AN ACCOUNTANT IF HE IS NOT REMEMBERED AS A VALIANT SOLDIER FOR INTEGRITY WHEN A GREAT DEFINING WAR - ANTI-CORRUPTION - IS BEING WAGED IN HIS COMMUNITY? It is a definite relegation to obscurity. We cannot hand the prospect of this history to posterity.

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