

Exploring the Usefulness of Codes of Ethics in the Postmodern Era through Transmodernism: Evidence from an Internal Audit Professional Body

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Abstract

This paper comes in a series of papers that base their research on ethics in the accounting profession, and more specifically, ethics of the internal audit. We base our arguments and methodology on a review conducted by Everett and Tremblay (2014) in order to make a constructive dialogue with Lehman (2014), Boyce (2014) and others. Our point of view tries to contribute to the general discussion, since we choose to analyze internal audit ethics through a transmodern approach within the postmodern world we already live in. Our purpose is through “thesis, antithesis and synthesis” approach to produce arguments that will promote research’s importance and eventually guide professional institution’s behavior and culture.

Keywords: Ethics, Code of Ethics, Internal Auditing

JEL Classification: M19, M40, M49

Introduction

In this paper, we will try to contribute to a discussion regarding internal auditors’ ethics that commenced with a paper by Everett and Tremblay (2014). Lehman (2014) and Boyce (2014) honored the efforts of the aforementioned authors, and devoted each a whole paper contributing, from their point of view, to the general discussion of ethics in internal auditing. Our point of view, focuses a step above, and examines internal auditors’ code of ethics, provided by their professional body, in terms of its usefulness as a tool for guiding ethical behavior of practitioners. To succeed in that, we choose to analyze internal audit ethics through a transmodern approach within the postmodern world we already live in. In particular, we use the approach embedded in the term of transmoderism, that is “thesis, antithesis and synthesis”, so as to produce arguments regarding the ethical stance and attitude of internal auditors, while the business world, in accordance with the real world, evolves rapidly. The paper is organized in the following way. Section 1 introduces the term of transmodernity in order to become familiar with the underlying logic that is embedded in this term. Section 2 presents a general discussion regarding ethics. In Section 3 we provide an analysis

of codes of ethics, and we discuss the fact that codes of ethics are required elements of corporate governance according to laws of various countries. Nevertheless, our purpose is to provide a new utilization of the term of transmodernity, and in particular, of its embedded methodology of combinations, in the field of internal auditing. Our view is that the term of transmodernity can play the role of the medium between the old era and the new one regarding internal audit ethics.

Coining the term “Transmodernity”

During the first transformation era, from rural, agricultural, provincial, static world, to an urban, industrial, secular, global society (Durkheim, 1951; Simmel, 1971, 1978; Tönnies, 1963; Weber, 1946), the logic of “traditional” world could not apply well. Something new had to come up, and thus, the science society was born. Science improved our understanding regarding modernity and made efforts for a “better” society (Comte, 1896; Durkheim, 1964; Marx, 1992). If we deploy as indicative factor of “better” society, global poverty, then modernism, through science, has not performed well, since global poverty exists and it is real problem (Roser, 2017). Postmodernism legitimation based on that modernism, after so many years, had not achieved its goal for a “better” society mostly because of biases existed in its operation, and the subversion of the objectivity aspect of science (Smith, 1990), that resulted at the exploitation of the weak. Consequently, postmodernism would bridge such differences and would create a “better” society (Clough, 1992, 1994; Denzin, 1996, 1997; Kincheloe and McLaren, 1994; Lather, 1991, 1993, 1995) through humanization of science and economy (Denzin, 1997; Lather, 1995; Lemert, 1999). To succeed in that, postmodernists rejected every universal truth. But without providing a new definition for universal truth, such a strategy would fail, unless the whole framework of postmodernism be based on some commonly accepted and well established truths come from modernism (McGettigan, 2016). Some authors are trying to explain questions and solutions to problems humanity faces through the postmodern approach of rationality, technology and money, while some other authors argue that humanity needs a major shift of mindset that entails the combination of good elements of both modernism and postmodernism, and for that reason coined the term of transmodernity.

Spanish philosopher Rosa Maria Rodriguez Magda was the first, to the best of our knowledge, to coin the term transmodernism, in an effort to illustrate the differences between globalization and other past historical events. For her, transmodernity is a global culture of interconnectedness and participation, in which cosmopolitanism transforms universality by spreading differences beyond locality (Magda, 2004). Another philosopher, Gishi (1999, 2006, 2008) argued that transmodernity has to do with the emergence of a new paradigm that contains some values individuals rely on to make economic, politics and everyday life decisions. For Gishi, the need for the emergence of transmodernism came from the productive destruction postmodernism caused, and the gap that left to intellectuals' thinking. The way transmodernism achieves its goals is through transcendence of modernity into another state, using the constructive arguments of postmodernism. Rifkin (2005, p. 5), argues that:

"If post-modernists razed the ideological walls of modernity and freed the prisoners, they left them with no particular place to go. We became existential nomads, wandering through a boundaryless world full of inchoate longings in a desperate search for something to be attached to and believe in. While the human spirit was freed up from old categories of thought, we are each forced to find our own paths in a chaotic and fragmented world that is even more dangerous than the all-encompassing one we left behind".

Gishi (2001) identifies five signals of societal change towards transmodernity. Unsustainability, death of "command, control and conquest" that led humanity to extreme competitiveness at all levels, death of modernity through which we see world as an objective reality, decline of material economy and crisis of the bureaucratic and pyramidal institutions. Another philosopher, Dussel (1995), sees transmodernity as a way to produce post-capitalistic politics, to articulate a critical cosmopolitanism beyond colonialism, to move away from traditional dilemmas (Grosfoguel et al., 2007). He argued that *"The three malaises of modernity (individualism, the primacy of instrumental reason or technological capitalism, and the despotism of the system), produce a loss of meaning, an eclipse of ends, and a loss of freedom in bureaucratised societies"* (Dussel, 1996, p. 142).

For Dussel (2004), increasing globalization, availability of information technology made us receivers of information about other cultures. The above, along with the exclusion of special cultures by

modernity and globalization, created a combination of the need of something new that would face such differences.

As Atelejevic (2013) argues, it is interesting that authors mentioned above do not reference each other, but they construct and coin the term of transmodernity simultaneously. This might show the need for the evolution of a new idea that will embrace good elements of the old (modernism) and the new (post modernism) in order to create an “umbrella” term for certain shifts taking place in societies. The logic of thesis, synthesis, antithesis, provided by Madga, Gishi, and Dussel and McGettigan used to explain the process of culture change, will be used to our research regarding ethics of the internal audit. Exactly like Dussel (2002, 2006) for example, who argued that the best of postmodernity should be adopted (technological revolution for example) along with modernism’s instrumental reasoning, filtered with postmodernism’s ethical principles, our purpose is through constructive synthesis to create applicable suggestions regarding Internal Auditor’s global Institution ethics-related material, and internal auditors’ attributes for the achievement of their goals.

Ethics

A major issue in discussions about ethics, at research level, at professional level or at personal level is the common language. Ethics, morality and conduct are occasionally used as the same. Morality is “*a set of values and rules of action that are recommended to individuals through the intermediary of various prescriptive agencies*” (Foucault, 1988, p. 25). Ethics has to do with a social framework that defines the rules for right conduct (Bauman, 1993). Conduct is the medium for applying ethics. Morality and ethics are also confused with law. But, an unethical action might not be illegal, and also there are occasions where unethical might be legal. Except for the occasions where illegal and unethical overlap, many channels pursuing illegal conduct exist, and few, mostly through organizations’ and institutions’ policies and procedures, channels pursuing unethical conduct exist. Direct consequence of the latter is that information sharing is among members of the organization, excluding the others, even though that the purpose of measures against unethical might be the protection of others (i.e. society, shareholders etc.). Laws are contractual agreements between two parties (citizens and state, state and companies, companies and stakeholders for example),

while ethical directives provided by institutions, with their members complying with different moral standards at every occasion (Lyotard and Thebaud, 1985, p. 50). Within postmodern context, moral responsibility is enhanced, ethical legislation, a residual of modernity, steps back, and morality without code of ethics is promoted (Bauman, 1993, p. 13).

Management theories focus on the relationship management between the principal and the agent (Adams, 1994; Jensen and Meckling, 1976; Mihret and Woldeyohannis, 2010). The above relationship though covered by various laws (Hatch, 1997), in practice, possible noncompliance to them, leaves a gap for academic research and discussion. We need to distinguish between human agent and economic agent, because, as we stated, in a complex world an agent, an individual does not play just a single role in the play of life. Economic agent is bounded by contracts, or even salary, to work for the achievements of goals of the principal. Human agent has freedom of actions, at least beyond the point that extents compliance with laws. Postmodern economic agent though, has some degree of freedom, since contract, salaries and work place conditions are constantly under negotiation, and approaches the freedom of the human agent.

Business ethics require professionals to use their own personal attributes and judgment so as to solve ethical dilemmas that often each of them requires different set of personal attributes. Not to mention the produced consequences from actions taken by professionals. A distinction between the professional and the individual, that at the same time are the same person, must be made. The economic agent, that is affected by professional membership organizations, workplace conditions and so on, and the human agent, who has his/ her own personality, uses his/ her own personal characteristics and experiences in order to face the same professional ethical dilemmas that the same person, under the economic agent role faces and is restricted by codes of ethics. But, how often ethical dilemmas arise in professional environment, an environment that is, most of the times, highly fragmented and regulated (laws, membership organizations, company's policies and procedures, job descriptions and so on)? Postmodern theory argues that such dilemmas come occasionally and in fact, when those arise, most of the times are expected and logical. How the postmodern view of ethics explains and deals with such occasions when they arise? Two concepts are introduced for that reason. The Other and the Moral Impulse. According to Dumont (1986), the Other is another human, that

Self cannot be related to, because differences between two parties are so profound. Holtzhausen (2015), makes a categorization for the Other, distinguishing lower case Other and upper case Other. The first is another human being that Self is related to, or shares a viewpoint with. The second, that can be plural- people, is another human being (or persons) that Self does not know but is need for support. Which are the moral responsibilities of Self to the Other? Bauman (1993, p. 13) says that is “...*being for the Other before one can be with the Other*”. Which may be the conditions that have to be fulfilled for such a selfless action? First, the Other not to know the selfless giving of Self. Second the Other not to demand anything from Self. Third, Self not to demand anything from the Other in return. If the above conditions are met, then the Other becomes a Face (Levinas, 1981, p. 84). Morality of such actions, not words, not declarations, just simple pure selfless actions, comes as Bauman (1993, p. 11) says “*before the considerations of purpose and the calculation of gains and losses*”. Finally, because of the fact that these selfless actions come before thoughts, just like moral instincts, cannot be evaluated, measured or be matched with any code of ethics (Taylor and Winqvist, 2001). The above characteristics represent the Moral Impulse. Trying to clarify the above, we could argue that the Other is the receiver of ethical actions, and the ways ethical actions take place is the Moral Impulse. But those moral actions cannot be dictated, and come before all ethical codes. So their starting point, their stimulus, is obligation and responsibility to the Other. “*It is not free to refuse this responsibility to the Other. It is not free to ignore the meaningful world into which the Face of the Other has introduced it*” (Levinas, 1969, pp. 218-219, as cited in Atterton, 2002). Within the context of postmodernity, the magnitude of the selfless giving to the Other is obvious from the fact that the relationship is asymmetrical since moral impulse is stepping outside of the Self and privileges the Other (Ouankin, as cited in Bauman, 1993).

Transformation of the Other to Face needs some explanation remarks. First, according to Lenivas (1964), as cited in Cahoon (2003, p. 532), Face existed before meaning, before language could formulate it. In order to understand it, we need to know the understanding of meaning for postmodernists; meaning “*is not an entity fixed for eternity, but requires the arranging and assembling, the cultural act of man* (ibid., p. 536). Accordingly, ethics should be an instinct, not based on language and meaning that are affected by culture. Second, Face has the attribute

of power embedded, in a sense that without requiring morality, triggers moral impulse.

Code of Ethics

With the rise of the nation, and the replacement of tribes and religion as the providers of moral leadership, some groups inside the nation should undertake the role of the provider. Philosophers, educators, professors, media groups, professional bodies and membership organizations undertook that role. Bauman (1993, p. 29, 30) explains the rationale of this justification: “*Individual autonomy and heteronomy in modern society is unequally distributed*” and “*you can trust the wise (the code name of the mighty) to do good autonomously, but you cannot trust all people to be wise*”. In other words, establishment of code of ethics by the wise ones (mighty), serves as the medium for providing moral leadership to all, non-wise (non-mighty) individuals. According to post modernists, there never can be a justification because code of ethics are social constructions that might work towards the achievement of other goals.

We provide an ethics-related explanation for the reasons of professional bodies’ rise. As MacIntyre (1981, p. 187) argues there are many practices, each of one has objectives and requires a necessary set of skills. These skills have been developed and matched with goal accomplishment through the passage of years. So, if a person wants to exercise a practice, must set him/ herself at the disposal of experts who will guide him/ her, since they possess the necessary set of skills acquired through previous practice and experience. A power is being created, that of influencing other, even regarding ethical issues, holders of which might be membership organizations and professional bodies. Johnson (2014), goes a step further that argument, saying that reproduction of the necessary skills is not enough. Each practitioner must stand critically beyond them, because, otherwise “*there can be no intelligent moral growth*” (ibid, p. 32). We can extend our analysis to examine forces corporates are incurring from global world markets to maximize profits. Outcomes of these forces create a new kind of capitalism, with monopolistic characteristics that create major cracks at liberal democracies, and consequently, to the learning procedure we described. Rather than creating better social conditions, we hope to neo liberalism that comes from the process of enhancing monopolistic capitalism and the extreme power of corporations, to set new standards with fewer

bureaucratic and fragmented procedures that eventually will set free the ethical boundaries of individuals. In other words, we simply hope for provision of more power to the ones that limit our power to set us free.

Connected with the above is an argument that comes from Nietzsche who says “*we are what we do*” (Sim, 1999, p. 326). According to that argument, attention must be paid not to words or the person, but to actions taken by any person. Following that argument, when we talk about codes of ethics in a postmodern society we can argue that no code of ethics can guide or predict human behavior, because firstly, no code of ethics can include every possible situation that entails an ethical dilemma, and secondly, compliance with a code of ethics restricts freedom of the individual to act.

At corporate level, we must acknowledge two milestones that enhanced the deployment of corporate codes of ethics: major corporate collapses that took place at the beginning of the new millennium, and the introduction of codes of ethics at corporate practices as a requirement dictated by Law. In fact, the latter is a consequence of the former. So, besides the theoretical and philosophical roots of codes of ethics, one must take into account the macro environment in which corporations operate, and how professional bodies’ activities interact with corporations’ operation. It is crucial to mention that in 1981, only 3 publicly traded companies re-stated their financial statements, while between 1997-2000 restatements of financial statements almost doubled (from 116 to 233), that cost loses nearly \$200 billions to investors (Byrnes et al., 2002). Enron for example, a huge corporate collapse that took place in the beginning of new millennium. Enron, was created in 1986 as a gas production and transportation company. It launched a process of diversification of its business activities with an applied strategy of acquisitions that resulted to its transformation from a traditional industrial company to a world leader in energy trading. Froud et al. (2004) claimed that the process of diversification did not signal any problems. Rather, it was proclaimed as an innovative decision moving from old economy and industrial economy to new economy of knowledge. In other words Enron’s management decision was in fully correspondence with the transition from modern, industrialized, era to the new postmodern era. What went wrong that resulted in one of the major corporate collapses? Firstly, it moved away from its core business that resulted in nonconformity between goals and resources available. In other words, made a transition from modernism to postmodernism not

gradually, without keeping the good elements of modernism (extensive knowhow of business of gas production and transportation). Instead, devoted resources at energy trading, due to changes at legal framework that gave space to private corporations to enter, an activity that was not part of its services range. Secondly, and most important, a failure of establishment of a corporate culture that promotes ethical values that could successfully face all unethical actions by executives of the company. It is worth to mention that Enron had had in place code of conduct along with an ethical charter that promoted values as integrity, excellence and communication. As Arnold and De Lange (2004) explain, a self-fulfillment culture accompanied by intense competition had been established in the company. Besides the fact that the corporation had in place a code of conduct, Enron's public accountants, Arthur Andersen, required to comply with their professional body's (AICPA) Code of Ethics, and in particular, to go beyond GAAP if they conclude that doing otherwise would make the financial statements misleading (Berkowitz, 2000, p. 53). So, within postmodern context, we see that code's of ethics effectiveness, either that of a corporation, or that of a professional body, failed to direct its addressees towards ethical behavior, that could prevent the collapse of Enron due to unethical practices.

Legislation in US tried to provide answers for such occasions, in order to face corporate fraud that put shareholders and investors at risk. Sarbanes- Oxley (SOX) Act was placed into law in 2002. Among others, SOX Act required listed companies to comply with a code of ethics. An interesting observation is that even after the introduction of SOX Act, corporate collapses continue to take place. An illustrative example is Lehman Brothers Holdings Inc. that filed for bankruptcy on 15 September 2008. Despite the fact that there were differences between the fraud schemes among corporate collapses between pre SOX era and post SOX era, the outcome of all types of collapses is the same; major losses for shareholders, and all types of stakeholders either directly or indirectly. A logic argument that can be produced is that, within postmodern era, the deployment of codes of ethics, either as a legal requirement or not, is not the most effective way of preventing unethical conduct. As we have seen, postmodern view focuses on the multiplicity of ethical decision-making. Therefore, the question is what the usefulness of a code of ethics is. First, codes of ethics can be considered as tools providing some useful ethical guidelines, a tone of how an ethical dilemma should be considered. But what codes of ethics cannot

be considered? They, by no means, provide solutions to the full range of ethical dilemmas that arise. Within the context of postmodernity, codes of ethics which they premise on language and meaning, and have been designed through various cultural acts, among various people, cannot be universal and catholic. In fact, can be seen as obstacles that interfere between the Other and the Moral Impulse, inactivating Self from acting. Center of interest, according to postmodernists, is not the conformity to ethical rules of professional organizations, but the moral responsibility of the individual. In fact, responsibility of the individual is enhanced, because instead of complying with ethical codes and norms, individuals must adhere to their moral impulse, to “*the first reality of Self*” (Bauman, 1993, p. 13). Except for that, moral giving of Self to Other, is without any financial or other reward, and rests in a place where no Laws or codes exist, that have replaced morality and compassion (Holtzhausen, 2015, p. 773).

Any attempt for the establishment of any universal, general ethical code, is far away from postmodern perspective. Since society is imperfect, since there are too many different circumstances an individual faces, since people are neither inherently good nor bad (Bauman, 1993), since there are so many different geographical jurisdictions where different laws could be enforced, any attempt to model and conceptualize an ethics methodology is irrelevant. But, what happens with already existing codes of ethics? Which is their usefulness? Maybe some political power is hidden behind them. Individuals, by complying with a code of ethics, hide their personal ethical responsibilities behind the general code of ethics. Bauman (1993) argues that the aim to have moral outcomes (through a code of ethics) can create immoral consequences.

As we discussed, within postmodern world, we already live in (Ermath, 2001), power, and consequently, resistance to power, are spread across many stakeholders into society (companies, government, institutions, membership organizations, individuals and so on). The power that stakeholders possess must find ways, media to be exercised. Code of ethics is a way that power is exercised. What more powerful than to possess the way to guide the behavior of individuals, within organizational context? But, this is only one part. The other, and most important, according to postmodernism, is action. Action is embedded to morality. Action requires selfless giving, without blaming any other party, or without requiring gratitude. Language can achieve plurality and diversity. It is very possible internal audit’s function findings for

example, to cause debates and dissensus with engagement clients. Keeping in mind that all functions inside an organization work towards the accomplishment of company's objectives, i.e. sharing a common ground, the aforementioned debate and dissensus is the starting point, the trigger for ensuring justice and caring for the Other, who does not agree with audit findings. Consequence of acting through language is communication. Highly connected with dissensus based on audit findings, communication allows engagement clients to state their arguments and a constructive dialectic, under the postmodern view, to begin. Finally, another imperative of acting ethically under the postmodern view, is resistance to power. Moral impulse is the trigger for resisting to power. Power exists at many forms and at many levels inside organizations. Internal audit function for example, possess indirect power (through chain of command). As a result, resistance to power by internal auditors and on behalf of engagement clients (the Other) is through language, by creating opportunities for inclusion of their views and voices in organizational formal and informal discussions.

Methodology

Under the heading of phronetic research, a methodology that Everett and Tremblay (2014) also used, there are instrumental rationality and value rationality approaches of reasoning. We use a blend of the two approaches, so as to consider, as internal auditors, where we are going, what should be done, and whether our direction is desirable (Flyvbjerg, 2006). For this reason, we analyzed the narratives of the internal auditors' professional association regarding Ethics, in particular Code of Ethics and related bibliography, deploying the rationale that the Global Institute of Internal Auditors guides practice in the field of internal auditing. Our emphasis was more on obtaining a "*multiple and complex account of reality*" than, by deploying a "*systematic process of sorting through the data to find common themes or categories*" (Creswell and Miller, 2000, p. 125- 127). While researching, we keep in mind and test the idea of code of ethics as a tool of guiding ethics, while at the same time we examine aspects of code of ethics internal auditors must comply with.

For those reasons, just like Everett and Tremblay (2014), we entered the website of the Global Institute of Internal Auditors, and we logged in using our username and password. Using the search tool, we entered the

keyword “ethics”, in order to find the electronic location of any type of file, of any date, of any size that had to do with ethics. The one and only filter we applied was that our results must be in English language. Results were many (around 300), the vast majority of which were repeated over and over. Also, the majority of results were irrelevant to our research interest, since appeared as results just because the word ethics was just mentioned in an irrelevant text. We ended up to include in our research the Code of Ethics, the Internal Audit definition and the International Professional Practice Framework (IPPF), and some other documents under the heading of “What does it take...”, the latter mostly because we found them useful to explain the tone the Institute wants to promote. We insisted on relying on the methodology used by Everett and Tremblay (2014) because, even though as Boyce (2014, p. 200) noticed that purpose of websites of organizations is “*to serve several functions including public relations, marketing, education and advice and guidance to members*”, performing internal auditing requires specific ethical stances, that other professions might not require. As a result, someone would expect ethics aspect to be more highlighted in comparison with other aspects. Number of “clicks” required to access code of ethics is the same with the number of “clicks” required to get information about certifications for example. Additionally, as Boyce notices (2014, p. 200) “*difficulty they experienced in locating and accessing relevant documents is worrying*”, which justifies why search of ethics-related material was conducted through search tool. Finally, a justification of why we relied only on website search and we did not conduct similar to Everett and Tremblay (2014) interviews, comes from Boyce (2014, p. 200), who noticed that “*reading of the website data is quite harsh relative to... analysis of interviews and autobiography*”. Exclusion of autobiography of a moral exemplar as Cynthia Cooper from our research items, took place because, the Global Institute itself does not refer to her nearly anywhere in to website, maybe because they do not consider her as a moral exemplar for internal auditing, as we will discuss later.

As far as our research limitations is concerned, we did not proceed to the connection of the ethical documents provided by The Global Institute of Internal Auditors website, with what is actually happening while professionals perform internal audits. We could examine that by interviewing professionals. In any case, such a research is already included in our future projects. Furthermore, we relied our research at

documents and knowledge provided to us only from the official website of The Global Institute of Internal Auditors. We did not go further to knowledge that might be included at seminars, conferences and so on.

Results

A general comment is that ethics-related material provided by the Global Institute of Internal Auditors is characterized by a tone of adherence to rules, and a result-oriented climate, accompanied by a strict chain of command as seen either on “communicating results” section, or IPPF, or at “what does it take...” series of documents. Simultaneously, commercialization of internal audit is high, and is illustrative through the existence of a thorough and complete list of all the necessary documents, policies, procedures (definition of internal audit, Standards, IPPF, Certifications, Code of Ethics), and emotional triggers (“what does it take...” series). All the above, produce a feeling that deep knowledge of any kind (either regarding internal auditing, either regarding ethics) exist, independently of the degree of compliance with, or with the adequacy of those policies. If we assume that our argument is not valid, and that the Institute provides ethics resources (despite that it is not so easy to locate them electronically) and promotes “state of the art ethics” (despite that the code of ethics is valid since 2009 with no amendments since then, and even though it is written in a descriptive tone and rather simplistic tone), then why if someone tries to search at website of the Global Institute of Internal Auditors, for one of the famous whistleblowers, Cynthia Cooper, who happened to be Vice- President of internal auditing of one of the major corporate collapses, that of Worldcom, and who unraveled the fraud of the corporation, finds nearly zero results?

Internal auditors’ code of ethics contains four principles that internal auditors must comply with. Integrity, objectivity, confidentiality and competency. Competency is a principle that advocates the goal accomplishment. Actually, this is inferred even from the description of the principle of competency saying that “*internal auditors apply the knowledge... needed in the performance of internal audit services*”, and a section later, at the rules of conduct says “*Shall continually improve their proficiency and the effectiveness and quality of their services*”. In our mind, the above-mentioned sentences contain no morality. We interpret them simply as statements of attributes an internal auditor must

possess in order to provide value maximization internal audit services. But if we assume that an ethical dimension exist in the principle of competency, how could an internal auditor “*continually improve... [ethical] quality of services*”, since compliance with code of ethics is mandatory, and at the same time code of ethics gives all the necessary guidelines regarding “ethical auditing”?

The principles of objectivity and integrity leave a mystery regarding who might be the receiver of objective and integer conduct. Is the receiver the Board of Directors, the Senior Management, the Line Management, the Society? In this case, both the Other and Moral Impulse are not clearly defined. Furthermore, Lavoie (1987) had argued that objectivity is always an act of interpretation. As far as integrity is concerned, as we saw, Killinger (2007) argues that integrity without compassion cannot exist in the accounting related professions. If we follow this argument, no ethical interpretation of the principle of integrity is visible; no integrity is even visible since compassion is not mentioned anywhere.

Discussion

From what we have discussed, it is obvious that the power that professional bodies such as The Global Institute of Internal Auditors possess is strong, along with their responsibility to construct consciousness and ethical boundaries. Reliance on cumulative experience of practitioners- members and moral influencers of the Institute is, according to MacIntyre (1981), a prerequisite for achievement of the goals an internal auditor wants to achieve. Having in mind that the world we live is fragmented, that justice is the main goal and that the way to promote it is through actions (ethics activism), what is the role of code of ethics of Internal Auditors provided by the Global Institute, especially when it has been designed as a way of imposing power and controlling ethical behavior, and when is general in nature addressing the pre-postmodern era? Answer depends on internals’ auditing influencers. As Everett and Tremblay (2014) argue, if their main goal is to create power through compliance, then their role in postmodern era is limited. If their main goal is to provide ethical leadership and coaching to any possible ethical dilemma, then it is more than obvious, after our previous discussion, that its role is unsuccessful. If the main goal is to celebrate diversification and stipulate differences with

professional codes of ethics of other membership organizations, then their role has some importance. In fact, celebrating diversification through highlighting heterogeneity produced by different cultures, languages, countries, circumstances, economic systems and so on, is code's of ethics major contribution. This would promote familiarity with the Other, and would encourage a fight for justice and correction of existing inequalities. Actually, The Institute of Internal Auditors, by deploying a Universal Code of Ethics creates a new kind of colonialism, where Western ideology and Western ethics dominate over countries with different cultures, economic systems and so on, under the lens of uniformity and homogeneity. The answer of the Global Institute of Internal Auditors comes from a document named "What it takes to be a professional" (The Institute of Internal Auditors Global) in which argues that:

"Much is written about ethics and ethical behavior these days. From a global perspective, there appear to be discrepancies from country to country on what is considered ethical. Discrepancies on what is accepted as ethical behavior also can be found within the same country, from organization to organization. But this liberal view has no place in the world of internal auditing. Internal auditors are tasked with standing for what is right and doing the right thing, for adhering to the highest ethical code, and for never yielding to pressures to bend the rules and alter the path."

In other words, the Institute does not accept the fact that adaptability is needed from internal auditors in order to solve possible ethical dilemmas, and characterizes liberal such adaptability, that has no place in internal auditing. At the same time, while the world evolves rapidly, new agendas and ethical challenges come to the surface, the Institute seeks from its members compliance with a code of ethics that is general and written back in 2009, while at the same time, all aspects of obtaining an internal audit certification (that entails revenues for the Institute) become more and more contemporary.

A key element that Lehman (2014, p. 212) correctly noticed, is the ethical dimension of the audit process. When enough is enough regarding corporate profits against social welfare? Does internal audit standards or ethics-related material adhere to such dimensions of auditing? In our opinion, there are two categories of answer. Firstly, nowhere either on standards of internal auditing, or at ethics-related material provided by the Institute, such issues are addressed. Secondly, provision of adding

values activities are a core element of internal audit definition. These activities must be in accordance with company's objectives, which come from its mission and strategy. The factor that affects our answer whether audit process takes into account social welfare is whether company's strategy contains elements of social responsibility and whether these elements are embedded in company's strategy, policies and procedures which are part of the audit universe of internal auditing.

We used a phronetic research approach in our analysis, which allows us to make suggestions for the future of the profession of internal auditing. The Global Institute should consider clarifying whether promotes ethical actions or ethical persons- professionals at its relevant documents. Moreover, the Institute should consider what is the connection between the listing of ethical principles and rules of conduct, as appear at Code of Ethics, with the goals that this listing wishes to achieve, and with to whom the outcomes of the listing is addressed. Who are the addressees (the Other) of the ethical behavior of internal auditors? Colleagues, line management, senior management, Board of Directors, investors, shareholders or society? Finally, and most important, the Institute, as professional body, should consider what role will play in a postmodern world we live in. As we saw, markets, through their participants, promotes attributes of behavior, by defining good or bad, legitimate or illegitimate (Fourcade and Healy, 2007). Internal auditors, as pillars of corporate governance (Gramling et al., 2004), have a role to the formation of today's market's operation and consequently to capitalism. Institute may adapt a clear ethical strategy that consists of both ethical leadership provided to members and marketing techniques to promote its role within markets. Any strategy that contains imbalance between the two elements, will eventually fail, since only marketing techniques will lead to deprofessionalization, and only ethical leadership without appropriate promotion techniques will eventually lead to impairment. As we already discussed, modernism failed to make societies better, because, among others, an element of bias existed, that resulted at exploitation of the weak, even though provision of power to the weak was phenomenally promoted. This ideological trap may exist to the role that internal audit may have as cornerstone of "good" corporate governance, since might "...fail to recognize the reification of markets and extant economic and social, political and economic systems" (Boyce, 2014, p. 201). Postmodernism on the other hand, attempted to bridge such differences in order to create a "better" society

(Clough, 1992, 1994; Denzin, 1996, 1997; Kincheloe and McLaren, 1994; Lather, 1991, 1993, 1995) through humanization of science and economy (Denzin, 1997; Lather, 1995; Lemert, 1999). To succeed in that, postmodernists rejected every universal truth. But without providing a new definition and new frameworks to assist, mere critique of the old will not improve situation, and internal audit will either continue to phenomenally be considered as pillar of “good” corporate governance, eventually used as marketing tool by The Global Institution, or will be totally miss leaded, so as its ethical element. The logic of thesis, synthesis, antithesis, as discussed earlier, the interpretation of ethical dilemmas through transmodern lens, in a postmodern era, could set the basis for ethical educational evolution of internal auditors, so as to establish a useful role within the context and the form of capitalism, where individual participants have roles and choices, but these choices are framed and constrained (Boyce, 2014).

The role of The Global Institute of Internal Auditors in an emerging professional field, regarding ethical guidance of its members, would be to cooperate with academic institutions, that they offer academic knowledge, and offer that knowledge to its members, so as members to be free to act ethically in a fragmented world. Attention must be given to the fact that we do not propose the replacement of The Global Institute of Internal Auditors with academic institutions, neither we propose the replacement of academic institutions in the field of internal auditing by The Global Institute of Internal Auditors (that in a way is taking place now). Such an educational procedure will create demand for academic journals whose subject will be business ethics, which in turn will increase publishers’ revenues, but with a revenue segment that promotes socially responsible entrepreneurship. In a way, using modernism’s tools, will finally reach postmodern era, through synthesis of elements of the triangle modernism, transmodernism and postmodernism.

We also suggest, at individual level, the characteristics an internal auditor might possess, living as individual and working as an ethical activist. (Holtzhausen, 2012, pp. 234-239). The main objective of internal auditors must be the pursuit of social justice and the improvement of society. This objective can be accomplished by breaking it down to societal level, to the organization level, to the function level, and to the individual level, always by triggering moral impulse, and answer the call of the Other selflessly. At the organization level, internal auditors must strive for the development of the organizations they work

to become more just. They will do it by resisting to any segregation techniques that separate individual, according to different activities they perform, ignoring the unique nature of individuals. Also by resisting to strict job descriptions and strict chains of command. Knowledge and acknowledgement must be the basis of any judgement by internal auditors. Knowledge that postmodern world is fragmented, acknowledgement that different views exist (personal, engagement client, organizations), that weigh the same. Within this context, debates and conflicts internal auditors face, must be assessed in isolation, according to who is involved, the nature of conflict and the language used. Communication skills are required so as different arguments and views to be expressed and eventually internal auditors gain deep insight of knowledge and experiences of the Other. In terms of the principle of independence, internal auditors need self-knowledge and familiarity with the existing power game among powerful interests that might wish to control actions of internal auditors. Internal auditors must strive for freedom in order to follow their own path of ethics, without promoting their own discourse over others. Postmodern practicing of internal auditing is difficult. Requires constructive change of ourselves, constructive change of the way internal auditors acted so far.

To sum up, if we realize that internal auditing needs improvement, either as far as its ethical component is concerned, or as a function as a whole, we must answer a simple question that comes from MacIntyre (1981) paraphrased. That is, what kind of internal audit function would we build, if an emergency had come up, and everything regarding auditing would have fallen apart, and we had to combine some components from the past with new fresh ideas?

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