

Courage, audits and making the world a safer place

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If you were to compile a list of careers that require courage as a core competency, you may include firefighting or game ranging - but accounting? Actually, yes, says Schalk Engelbrecht, chief ethics officer at KPMG South Africa and this is what he recently told the next generation of chartered accountants at South African Institute of Chartered Accountants; Trainee Summit.



Schalk Engelbrecht

South African history is full of examples of courageous people, from Steve Biko, father of the Black Consciousness Movement, to Wolraad Woltemade, a retired dairy farmer who, in 1773, rescued drowning sailors from their wreck in Table Bay by carrying them two by two to the shore – until both he and his horse were drowned by the weight of panicking men pulling them down.

“Our genes and our upbringing might mean that we already have courage in varying degrees, but that doesn’t mean that we cannot work on courage,” says Engelbrecht. “Courage is not an impulse or a decision; it’s a virtue. It’s something you can learn, through practice rather than study.” Drawing on the work of philosophers like Aristotle, he clarifies this explanation further: virtues are related to ethics. Becoming an ethical person is a process, which leads to the development of character. But this process is set in motion only once you have identified – and understood – your purpose. From there, you have to develop habits and activities that will help you fulfil

that purpose. Think of it this way: if a knife is to work properly, you have to sharpen the blade regularly. In the same way, if you want to develop ethics, you have to work at them – and the harder you work, the more likely it is that ethical behaviour will become second nature.

Engelbrecht adds that any virtue is a midpoint between two extremes. Generosity, for example, is a midpoint between extravagance and stinginess. In the same way, courage is a midpoint between fear and confidence – because while a certain amount of fear is natural and normal, too much can be crippling. Similarly, too much confidence can lead to recklessness. Balanced somewhere in the middle of this spectrum, courage allows us to act appropriately in a situation where fear may be present.

Not that taking this course of action is easy, however – nor is acting with moral courage, which may be defined as “taking a stand to defend a personal value or principle that is at risk, despite the danger of doing so,” according to the researchers Christensen and Boneck, whom Engelbrecht quotes.

But what does all of this have to do with balance sheets and ledgers? It’s simple, really, says Engelbrecht: while you may not expect to lose life and limb at any point during an audit, your role as an accountant is akin to that of a guardian of society. “Any professional must navigate two value systems: commercial and guardian. The commercial value system is typified by people who sell things: they may offer their clients discounts because they want to secure repeat business, and they may socialise with them to cement long-term relationships. On the other end of this scale is a person like a judge, who embodies the values of the guardian system: they’re not looking to build future relationships so there is no socialising, and they certainly don’t want to see the defendant again, so there is no deal making.” The accountant, Engelbrecht says, has a function somewhere between these two. On the one hand, accountants sell their services, but they also take on a role of judgment, especially during audits. “Hence our guardian-like function: we protect capital markets and we protect the people who use financial information.” And that, he points out, takes courage.

Engelbrecht maintains that this understanding is encapsulated in the Global Code of Ethics for Professional Accountants,

which states that “a distinguishing mark of the accounting profession is its acceptance of the responsibility to act in the public interest. In doing so, professional accountants must consider not only the preferences or requirements of an individual client, but also the interests of other stakeholder when performing professional actions.”

There are many concepts that stand out here, Engelbrecht says: the text underlines the need for integrity, which in turn encompasses fair dealing, truthfulness, and having the strength of character to act appropriately even when you are facing pressure to do otherwise, or when doing so may create potential adverse consequences. Then there’s the notion of ‘appropriate behaviour’, which involves standing one’s ground when confronted by dilemmas and difficult situations, or challenging others as and when circumstances warrant.

As an accountant, there may be several instances in your day when you are called upon both to show courage; when you are under pressure to meet expectations, for example, or even to manipulate or sign off on results you know to be incorrect. You may find yourself forced to challenge your superiors, or even your clients. Maybe you have made a mistake – it certainly requires a great deal of courage to admit to this, just as it does when you are called upon to conduct performance appraisals or become a whistleblower.

Difficult though it may be to act with courage, it’s also necessary – and it may help to remember that in each of the above cases, your responsibility is not to your clients, but to the public.

So, how can we become more courageous? Slowly, says Engelbrecht: by doing one thing every day that scares you, and then doing one thing more. It may also help to surround yourself with courageous people, and it certainly becomes easier if you situate yourself in an environment that supports you as you seek to become more brave.

Sidebar: Schalk Engelbrecht’s steps to becoming more courageous

- Make purpose your project: Identify your personal purpose and act accordingly.
- Get enough sleep, eat healthy foods and exercise: Perhaps it’s not immediately obvious why these actions help develop courage, but the reality is that it is more difficult to make tough decisions when you feel tired – that’s when you’re more likely to give into the temptation of taking the easy route.
- Read case studies and stories about accountants who have acted with courage. Arthur Andersen and Worldcom internal auditor Cynthia Cooper are great examples. Consider how they acted, and what enabled them to act in this way. Allow yourself to be inspired.
- Discuss concepts such as fundamental principles and virtues, such as integrity, within your team.
- Do brave things, repeatedly. You don’t have to start with massive challenges – it can be as small as refusing to postpone a task you’ve been dreading.

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