

POINT OF VIEW OF FUTURE GENERATION OF ACCOUNTANTS AND AUDITORS

The speech presented during panel Code of Ethics: shaping behaviour.
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I will not share with you my knowledge in the field of ethics in accounting. I will not even tell you about the research I conduct in this field. I would like to share with you a few of my reflections. Especially, I would like to tell you about two of them.

Reflection number 1.

Many years ago, when I started studying the issue of ethics, I was wondering, why talking about ethics is necessary? It seems that in the relationship between a Man with capital "M" and another Man with capital "M" the problem of unethical behavior cannot occur. So why "suddenly" – I mean "suddenly" when talking about centuries – has the issue of professional ethics in accounting become so urgent, and why has its magnitude become global?

Particularly worrying is that usually when some issue starts being discussed means that it is in a very bad condition. Does it also apply to ethics?

I think that the problem is not only important, but also surprising! Because what is going on around the issue of broadly understood ethics in various professions, not only in accounting, I see as: firstly, a sociological phenomenon, and secondly, as the phenomenon which is unique throughout the history of the world. Although it is not difficult to notice that the lack of ethics as well as good business practices have existed practically for thousands of years.

On this background my **Reflection number 1** appears. It results from my internal need to explain the originality of this phenomenon and to answer the question: **From where or what source, nowadays, not historically, the primary reason for the lack of ethics in human behavior, and here in accounting, derives?**

There are many factors causing the lack of professional ethics that can be listed. The results of many studies show that people often agree with unethical behaviors consciously.

They do it because of their life situation – which is not uncommon – because they fear to lose their job or professional status. They also behave unethically simply out of greed for money and sick ambition to hold power or at least to be influential, which is important for their professional and material status.

I would rather agree with the opinion that the factors for unethical behaviors that I mentioned depend solely on a given person. They depend on his or her personal qualities, and especially on their resistance to evil and various pressures.

But getting back to the main thought: where does the primary cause of the lack of ethics in business and accounting come from?



ANNA KARMAŃSKA

PhD, prof. Warsaw School of Economics,
Head of Department of Accounting
Chair of the Ethics Commission of the
Accountants Association in Poland (AAP)

Seeking the reasons for unethical behaviors outside human personal qualities and moral codes, I would like to draw your attention to something known as the Schumann Resonance.

The Schumann Resonance is called the pulse of Earth. Though the interpretations of the Schumann Resonance's influence on human beings and their life are controversial in the world of science, a lot of people claim that the pulse of Earth changes and is not indifferent to many phenomena, including the understanding of time and its passage.

I think that what I am talking about surprises you because it is distant from ethics in accounting.

However, if one looks for the primary cause of the lack of ethics, then the pulse of Earth may be important. For me personally it is difficult to understand because it is based on the knowledge of electromagnetic waves, which is the realm of physicists rather than accounting specialists.

But coming back to the point, I want to say that it is believed that time in fact accelerates, in a sense it falls into itself. For thousands of years the pulse or "heartbeat" of Earth had been slightly over 7 cycles per second. However, since 1980 the resonance has slowly increased. Now, it is said to be nearly 12 cycles per second.

What does it mean? It is claimed that every day is shorter

even by 8 hours. That is why we observe such an increased pace of everything everywhere.

Over the last 25 years, time has condensed a lot. A lot of people at middle age claim that time is passing faster. We tend to think that this is caused by the fact that we get older and along with age our perception of the passage of time changes. But also young people are starting talking that time flies, and this is more curious.

The pulse of Earth is incomprehensible for me, but if it is true, it may somehow primarily explain the common phenomenon of the lack of time for taking care of moral principles firstly at home, secondly at school and finally at work.

And this may explain the need to speak out about ethics in business and accounting.

Reflection number 2.

I am the Chairman of the Commission of Ethics in the Accountants Association in Poland. This role is an important challenge for me. But first of all I am a professor at heart in the best Polish university of economics. For many years I have been working with students. With very talented and ambitious people. Many of them, for sure, are future managers, politicians, financial directors and certified accountants. They achieve fantastic results not only at their alma mater, but also in external exams in ACCA and CIMA.

I asked myself what young people who were born in the conditions of condensed time think about ethics in accounting? Do they see the problem? Do they see any solutions?

This is my second reflection. Over 100 students responded to my request for an essay about ethics in accounting. I will present to you a few opinions of the people, today students, tomorrow businessmen, in whose hands the future of business and accounting lies. In my view we should pay our attention first of all to them. As practitioners and institutions aware of the significance of ethics we should find time – nonetheless it is so scarce – to cherish moral principles and ethics in the characters that are now shaping of the young people who will soon replace us.

Let me notice and emphasize with great conviction that professionalism in accounting lies in the hands of the future generation of accountants and auditors, and no codes of ethics will be effective in the future if they do not fall on fertile ground. **What to do?**

We should invest in developing programs and ideas, which will quickly, effectively and in an attractive way appeal to students. They will show that it is beneficial to behave ethically because this gives an amazing comparative advantage in business.

How to do it? The hints are included in the opinions of the students presented here.

These opinions suggest that the education in the field of ethics needs to be concentrated on three subjects at the same time: future accountants, managers and owners-investors.

In relation to future accountants the student say:

Voice of young generation: education of future accountants

„It is important that people starting their career in the accountancy profession from the beginning be aware of the complexity of the problems in this profession. The key is to understand that from the beginning of education in the field of accounting or working in the profession there is a necessity to develop the ability to deal with moral (ethical) dilemmas. Only this will allow us to expect that accountants will behave according to the internal moral code which will always prevail over fines and other threats as well as morally questionable principles in the company.”

Student 1, the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014.

„Didactics and education in the field of implementing professional ethical standards play a very important role. It is during the first academic struggle with accounting and during the process of studying that the behaviors, views and values are developed. They are then used in business practice. Therefore, the academics familiar with the Code of Ethics should pass the values and knowledge promoted by the Code to their students.”

Student 2, the Program Finance and Accounting, Poland, Warsaw School of Economics, Mai 2014

In relation to future managers they say:

Voice of young generation: education of future managers

„**Future managers should be taught about various examples of consequences of unethical behavior.** For that purpose practical exercises and case studies can be used. They should also go through psychological tests, which enable them to find out more about themselves. Why? Because accounting is not only about norms, but also about people who are involved in it. Those who establish the accounting policy in the company are especially important in this regard. I think that emphasizing the strictly psychological aspect is relevant to propagation of ethical practices in accounting and broad business”.

Student 3 , the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014.

„**The company’s success in applying ethical principles depends highly on the engagement of the** management supervising the work of the employees. Usually the pressure from the superiors makes the employees use creative accounting, even against their own conscience. The employees should be aware that their full professionalism and reliability while performing their duties in the area of accounting will be appreciated. The employer should help them to observe the principles of the Code of Ethics, such as professional competence and high quality of the work, motivating them to enhance and update their knowledge in the field of behavior standards in accounting. The student who would like to be a manager must know about that!”

Student 4 , the Program Finance and Accounting, Poland, Warsaw School of Economics, Mai 2014.

The third group of addressees in the field of ethics in accounting are, according to students, future owners, entrepreneurs. In relation to this group the students say:

Voice of young generation: education of future company owners (businessmen)

„I believe that the best solution is to encourage company owners to practice accounting in accordance with the Code of Professional Ethics. Thus, the focus should be on educating this group of stakeholders in the field of accounting, so that, according to the efficient markets theory, they could assess accounting practices of the entities and benefit from their actions.”

Student 5 , the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014

The views seem to be lofty, but young people are reasonable and wisely perceive the reality. The last four opinions prove that:

Voice of a young person: let’s come down to earth

„**Morality, ethics and honesty are the features that should characterize every man.** Their development depends on the environment of our upbringing, education and principles of behavior that we were taught. It is important that the principles of ethical behavior be taught from an early age. It will be beneficial for the future practices in the professional life. (...) However, in addition to considering utopian attempts to build more conscious and moral society, it is worth to identify other ways of implementing the Code of Ethics into everyday practice on the level of an entity or individual”.

Student 6 , the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014.

Voice of a young person: let’s create a global forum of ethics in accounting

„The project that I propose is to create a special Internet forum with an access for people working in accounting. All the participants could discuss real problems (connected only with the professional practice) that they face. Each person can take part in the discussion and propose solutions referring to the Code of Ethics. (...) (Maybe a competition for the best ideas could be included?) Active forum could constitute a ready set of difficult situations and knowledge compendium concerning problems that need discussion in the context of professional ethics. It will be beneficial not only for the accountancy profession, but also for the managers and other stakeholders of accounting”.



Voice of a young person: let's learn by analyzing cases rather than studying rules

„Unfortunately nobody can be forced to completely follow the Code of Ethics. As every other code, this one will be observed only by individuals willing to do so, who are against unethical behavior. The Code should be available and promoted in every company. (...) Those working in the accountancy profession should participate in symposiums where they will analyze different case studies connected with unethical conduct. The participants will get to know how to deal with inducing to unethical and unlawful practices.”

Student 8 , the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014.

Voice of a young person: let's seek support in professional organizations in difficult situations

„The issue of ethics in accounting is significantly less urgent in the times of relative prosperity and stability on the financial markets. However it is far more important that the Code of Ethics be applied in the more difficult times for economy. (...) In such times the work of accountancy professionals is under pressure of the employers. In such situations, professional organizations should support those who would like to perform their duties - first of all - responsibly.”

Student 9 , the Program Finance and Accounting, Poland, Warsaw School of Economics, January 2014.

I will conclude repeating my deep believe that:

We should develop in practice and not only on the pages of publications, articles and codes the trend for ethics and professionalism. And we need to do it for young people because, as we say, what youth is used to age remembers. Only then it will be easier to honestly realize such slogans as sustainable development and social corporate responsibility.