



Are
Ethics
Important
for
Professional
Accountants

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“Are ethics important for professional accountants”?

Yes, Ethics are important for Professional Accountants because throughout the history, it has been proven that accounting partially reflects moral orders of the world in which it is practiced. It has become a moral discourse, because of the injustice that has occurred in regards to ethics with in the accounting profession.

Ethics, “Moral beliefs and rules about right and wrong”. As defined in ‘Merriam Webster Dictionary’, “ethics are the discipline dealing with what is good and bad and with moral duty and obligations principles of conduct governing an individual or a group”.

Ethics are important for Professional Accountants because accounting requires ethical knowledge and skills to a great extent. They clear the concept of right and wrong. They help the professional accountants to build personal fortitude to make a right decision. By keeping in mind ethical factors, accountants can easily manifest peer pressure. They will never focus in short term pressures for keeping up revenue growth or for satisfying investors. They make them think in long term because all successful companies manage not for short term but for long term. Ethical behavior forces to confront personal relations in case of fraud. Concentrating on ethical factors makes the accountants to build an inner strength which forces them to make an ethical decision of not ignoring the fraud. Accountants, whose 1st priority is ethics, can easily deal with ethical dilemmas, areas that are not black and white. They feel comfortable dealing with grey areas. They never under represent their time for completing a job. They can easily go along with the crowd or do what their managers tell them to do, by never compromising with ethical factors.

Ethical behavior are one of the essential personal skill that professional accountants must possess but it has been proven by the research reports that professional accountants are following all the rules relating to their profession except moral duty and obligations or ethics. An accountant can never succeed in his field if he ignores ethics. It is very essential to define ethics within the accounting profession. Professional accountants must possess high degree of integrity. Ethics are particularly pertinent as a foundation of the accounting profession. Working to the highest standards of ethics and professionalism allows the public, investors and regulators to have confidence in them. Ethical behaviors not only protect the professional accountants but that of the accounting profession as a whole.

The importance of ethics in accountancy has been proven by many previous scandals. Professional accountants can learn a lot from the mistakes like Enron scandal, Tyco, Adelphia, world com etc. these were the corporations who were taking easy road to success by compromising ethical factors. The overnight virtual disappearance of these prominent corporations is because of the breach of ethics and ignoring ethical factors. These recent scandals fairly or not, have damaged the reputation of professional accountants and have also damaged the diminishing public confidence in accounting profession. After these scandals ethics have become a major topic for all professional accountants as well as student accountants. The accounting profession must take public and comprehensive steps to repair the damage, the scandals of the past several years have done to its reputation. To restore public confidence, professional accountants must vigorously and energetically support and encourage comprehensive profession- wide ethics reform measures.

Now a question arises, "how to make the ethical reform measures? "Lynda Helps", a member of the department of accounting and finance at Manchester

Metropolitan University suggested 4 steps to the implementation of ethics in the accounting profession:

1. Before the student begins study in profession.
2. Towards the end of the study.
3. Training in actual work place.
4. Continuous updates of skills.

There is a concept that “ethics can never be taught, it is something inherent”. I totally disagree with this concept. Yes there are some qualities and skills which are in our blood but still there are many skill and abilities which are need to learn for being successful in our profession. Teaching ethics in early studies can provide reasoning skills. There should be a course on ethics which prepares the accounting students well for their careers. The board of accountancy in at least 25 States not including New York requires accountants to pass on ethics exam or course either before sitting for the Uniform examination or as a condition of certification. Few states require a college course in ethics. The passing grade for this self study course is 90%. Because of the low emphasis on ethics under both the new and the prior versions of professional accountants exam means that accounting graduates may have had limited exposure to ethics matter to cope up with this problem, accounting teachers should bring in the classroom their own audit experience so that they can better understand the life in the field will be like this way when these students will become professionals, they can easily face the ethical situation and know how to deal with them.

Accounting students should understand that “ethics are not optional” because they equip them with behavioral patterns of good moral decisions. This helps them in making reasoned sound decisions in their future. Ethics build in them cognitive moral reasoning skills so that they can easily come to know how to get around the system or how to hear other people but rather to defend themselves against such underhandedness in future.

Well, it's not only the responsibility of schools and colleges to give the ethical knowledge to accounting students. Firms should not only rely on colleges and universities to instill ethics and ethical behavior in future employees. Professional associations for accountants should build a code for ethics for example the code of professional conduct of the American Institute of CPAs (AICPA). The national professional association for professional accountants set forth ethical principles and rules of conduct for its members. The rules of conduct should be more explicit as to specific actions that should or should not be taken. Firms should incorporate training on ethics. Most firms did not offer any training programs in ethics. There should be a program in place to monitor staff compliance with ethical standards of both the firms and profession. Probably the best effort firms can make is that during hiring process, bring up a less-than-obvious ethics dilemma, either in conversation or in a short case so that the candidates must evaluate during the interview. Once hired, new employees should receive extensive training in the ethical environment of the firm and the profession. This training would help ensure competence as well as underscore the importance of professional responsibility within the organization.

Although investigating the ethics credentials of accounting graduates during recruitment is important, experienced accountants can also make misjudgments about professional responsibility. Attending seminars or completing taped exercises on a periodic basis is only a starting point of promoting ethics in accounting. Large accounting firms should designate a senior member to be a specialist on issues of professional responsibility. This specialist should take charge of all efforts to maintain competence on professional responsibility issues. Specialists should also ensure that any ethics issues that arise are resolved appropriately. There should also be a system of disapproval or dismissal of a client on basis of ethics grounds. Firms should emphasize ethics training and discussions if they really want to drive through the roads of success.

It has been proven that ethics are essential in the accounting profession; in fact it is the foundation of professional accountants. Attention to ethics has become technical in nature. To counter this, they can be addressed through education. It is solely the duty of academia as well as entities to develop the ethical sense in future accountants. There need to be a shift towards a morally and socially conscious ethics in accounting profession. Accounting profession is called for a restructuring of the ethical discourse as well as for better ethical education.

Ethical standards should never be compromised in accounting profession for being a successful professional accountant. 1st priority should be ethics, ahead of providing value to clients, commitment for each other and cultural diversity. Violation of ethical standards should lead to a person being publicly expelled from professional organization.

In the end I want to say that professional accountants should never compromise ethical standards. They must uphold the high ethical standards because they are one of the deloitte's core shared value. There should be professional competence, confidence, integrity and objectivity in professional accountants. They should only take tasks that can be completed with professional competence. If professional accountants carry in their minds the ethical factors, this will help them to carry out their responsibilities with sufficient care and diligence. Listing ethics as first core value in accounting sends a message internally and externally that they are the foundations of everything that an accountant do for success. In short ethics are the highway to success for professional accountants.

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