

# Content of professional ethics for accountants accounting essay



## **Introduction**

Code of professional conduct for accountants, is the basic content of professional ethics for accountants, which the accountants should follow in the occupation activity and is used to adjust the behavior of accountants. Along with the economic development, the behavior standards, the working types and the social environment has had the change largely. Meanwhile, people's ideology and value is also changing. And the code of ethics for professional accountants to engender ethical behavior is ineffective. Lovell (1995) said: Much criticism has been arisen at the accounting profession, such as the failure of accounting documents and the failure of the accountancy profession satisfactorily to take account of the public interest in the determination of the future of accounting and auditing practice. Many problems have risen, such as, accounting information untruthful, accounting action's nonstandard. It disarranges the order of the accounting profession. So commentators have questioned the effectiveness of the code. In this article, it will discuss why the code of professional conduct for accountants is ineffective. It refers five aspects that are important.

## **Body**

There are flaw and crack existing in the system construction. Related law and code of accountants are not perfect, and the system is imperfect, which carries out it can be accommodating and is very easy to take advantage. Some accountant regulations system is obsolete, does not adapt with the present economic work activity, and needs to revise. According to Reiter (1997), there should be new paradigms for accounting practice, in order to engender ethical behavior of accountant. Also there are many kinds of <https://assignbuster.com/content-of-professional-ethics-for-accountants-accounting-essay/>

accounting code at the same time, which affected the behavior of members of the accounting profession. Accounting Moreover accountant the object locates the environment of accounting is complicated and diversified, which carries it difficulty on the accurate localization and the measurement. The definition of the accountants' behavior in the laws and regulations is explicit, so the enterprise is very easy to operate in advantage of the criterion crack.

Social intermediary organizations have not carry out the code strictly independently, objectively, fairly. Richardson, Cullen and Richardson (1996) said accounting and the accountants' behavior is influenced by the managers. Accounting firms and other social intermediaries rely heavily on the intentions of manager. with the driving of fierce market competition, appetite of interest and short-action, they go against the code of ethics for professional accountants, to earn much from the company that should be audited, turn a blind eye to the distortion of accounting information or even be an element, which damaged the independence of CPA audit services, and did not really play an role of supervision, accounting distortion information has become inevitable. According to Morgan (1996), in his research, we can see that accounting contributes to the processes of social and organizational production is a big reason that the code for accountants is ineffective.

Social environment also influences the actions of accountants. Social environment means a kind of atmosphere, including a traditional habits of thought, concepts of value, manner of behavior, and the traditional attitude and view on the economy. According to Maury (Maury & McCarthy 2007), he thought environment that supported these accounting and ethical. With the economic development, the behavior standards, the working types and the <https://assignbuster.com/content-of-professional-ethics-for-accountants-accounting-essay/>

social environment has had the change largely. Meanwhile, people's ideology and value is also changing. And the code of ethics for professional accountants to engender ethical behavior is ineffective. Many problems have risen, such as, accounting information untruthful, accounting action's nonstandard. It disarranges the order of the accounting profession

Low qualities of accountants result in the ineffective of the code. According to Lovell (1995), moral reasoning and moral atmosphere is key aspect to maintain the order of accounting profession. Firstly, it's poor self-discipline. Since the development of competitive social market economy and the impact on values, part of the lower moral accountants are often difficult to resist temptation and adhere to the principle, so that individualism, money worship, hedonism is worse and worse. Everett and Green (2006) said that the nature of accounting virtues was changing. They earn money by not recording the income and deliberately forging, altering, concealing, destroying the accounting information. Secondly, many accounting staffs have a thin sense of law. Some members of the accounting profession do not study law and the method of accounting standards, know little about the accounting code, or even ignore the laws and regulations. They do not adjust accounts and supervise according to the regulations. Last, the accountants have a poor sense of professional ethics. Some accountants usually do not pay attention to the cultivation of professional ethics, no establish a real idea of good faith, so in practical work, when they met with conflicts of national interests, social interests, unit and individual interests, they can not stick to principles and do not act according to rules and regulations, rather from

private interests, made a breach of professional ethics in the conduct of accounting.

Internal oversight mechanism is not perfect and lack of self-discipline mechanism. Some leaders want to gain political advantage, and capital, so they require the enterprises accountants to work for them. Accountants are often out of self-protection, yield to pressure from the leadership and passive false accounts. Some internal control system is ineffective and not implemented. With lack of independence, the internal audit is difficult to do oversight. Effective corporate governance and internal control system is the base to carry out the code for accountants.

## **Conclusion**

Code of professional conduct for accountants should be a reflection of the accounting personnel's morals behavior. As a code, it's used to instruct the accountancy, to restrain the behavior of accountants. Code of professional conduct for accountants is important in engender ethical behavior, which can guarantee the accounting data real and complete, and maintaining the order of the activities of accountants, and promoting the development of social market economy. This article has talked about the reasons that led the ineffective of the code of professional conduct for accountants. In face with these problems, it's high time for us to take some actions to solve it, to make a good environment for accounting and engendering ethical behavior.

## **Task 2**

### **Introduction**

Accountants take the main responsibility of accounting activities, pros or cons of their ethical quality and professional quality will directly affect the quality of accounting units. There are many ethical problems about the accountants which have been inferred in the Question 1, such as untruth accounting information, making fallacious information, distorting the accounting data, forging voucher, and even disobeying the law. The code of Ethics is different from the law. Accounting law and regulations as a mandatory standard, it requires unconditional in accordance with the requirements of legal to act. And accounting ethics from faith, character, ability and that much more profound level of nature and to influence and improve the quality of accounting behavior. Next, it will talk about how to make an effective code of ethics for professional accountants and the reasons. In this part, it relates five important reasons, and explains them separately.

### **Body**

It's a base to amend and improve the code of accounting to strengthen the building of the ethics for professional accountants. Development and improvement of the code of accounting is essentially a process of institutional change and innovation. This process must follow the principle of effectiveness. It is necessary to firmly lock the long-term reform of the accounting norm system of goals, but also give full consideration to the construction of the existing accounting standard model and the features; it is necessary to consider the key constraints of the code in institutional

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arrangements, but also to consider the influence of informal institution such as accounting environment.

Effective corporate governance and internal control system is important to the implementation of code of accounting. Tisha, Emerson, Conroy and Stanley (2007) " We postulate that accounting practitioners may apply a legalistic framework to their assessment of the acceptability of each vignette." So improve the system and code is important. Internal Control Systems provides a good internal environment the in the operation of the code for accountants in the enterprise. Internal control system can be divided into internal accounting control and internal management control, standard, systematic, scientific internal control system enhances the monitoring efforts of accounting standard, which can reduced the problem of not obey the code from the source. Internal accounting control is the key in the internal control. The process of establishment of sound internal accounting control itself is the implementation of the code accountants in the enterprise process; internal accounting control in business operations based on standard or another is one of the basic content of the accounting standard.

The strength of full range of accounting supervision system is a system protect for the smooth operation of the code for the accountants. Firstly, strengthen internal accounting control system which is based on the internal audit. The internal audit has incomparable advantages compared with the external regulation: at first, the internal audit staff can participate in the enterprise daily business activities, so the information accessed is more specific, detailed and systematic than external regulators; what's more, the <https://assignbuster.com/content-of-professional-ethics-for-accountants-accounting-essay/>

internal audit belongs to the internal management of enterprises, so it can identify problems earlier and resolved internally in advance, which can earn the trust of the leaders; at last, the internal audit is aimed to ensure the smooth operation of the economic and improve economic benefit of the company, which is in agreement with the final goal of the accounting and leadership accountability goals. Secondly, establishing and improving a full range of external monitoring system is the guarantee to the smooth implementation of the code for the accountants. As Donaldson (1982) said, to make the code more effective, it should authorize more public proceedings. External supervision include civilian oversight of accounting firms as the behalf of investors; the government supervision implemented by the financial sector and other relevant departments and other forms of extensive social monitoring such as public opinion. Under certain conditions, a wide range of community supervision in particular public opinion can play role of oversight mechanisms which other machineries are difficult to do.

Optimization of the action of the accountants is also a key aspect.

Optimization of the accountants' action means to optimize the entity to achieving the integration effects of group behavior, to improve efficiency and to achieve and create important " subject" guarantee and the environment to implement the code. Provide a good social environment for it also influences the actions of accountants. In the opinion of Cohen, Pant and Sharp (1992), cultural and socioeconomic factors could impede the acceptance and implementation of a profession's international code of conduct. According to Stevens (2008)" Culture and effective communication are key components to a code's success." Publicity and education is



important. disseminate systematically and explain accountancy professional ethics through certain means and methods then it can create a strong atmosphere of public opinion and gradually penetrate into the depths of people's minds which can purify the inner world, improve the cognitive standards, establish a moral normative value. Another measure is set an example for demonstration. Influence the ethical behavior of accounting practitioners, through publicity and education on the advanced models. Examples can be inspirational and set forward goals which can result in great mental strength.

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To create an excellence property rights environment is important. Social environment means a kind of atmosphere, including a traditional habits of thought, concepts of value, manner of behavior, and the traditional attitude and view on the economy. Clear definition of property rights is the main factor for accountants conduct accounting activities based on the code.

## Conclusion

The code for accountants aims to engendering ethical behaviors, and it's apparent that carrying out the code for accountants and improving the ethical behavior of accountants are important in the accounting activities. From recent research, it showed that the code is not effective, as it says in the book of Dandago (2003). So it's high time to take some actions, such as

the five actions talked above: amending and improving the code, effective corporate governance and internal control system, full range of accounting supervision system, optimization of the action of the accountants and creating an excellence property rights environment. The code of ethics for professional accountants constitutes a guide, which restricts and regulates the ethical behavior of accounting activities. It represents the accountancy profession's moral responsibility and obligation to society. Strengthen the building of the accounting code of ethics can make it effective in standardizing accounting behavior.