

ISMGE 2020**II International Scientific and Practical Conference "Individual and Society in the
Modern Geopolitical Environment"****CONTINUING PROFESSIONAL ETHICS EDUCATION IN
ACCOUNTING AND AUDITING**

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Abstract

The aim of this paper is to review the opinions and research findings in the field of professional ethics in accounting and auditing. The article underlines the need to observe specific conditions of norm application in the process of transition to a new model of accounting education announced by the International Federation of Accountants (IFAC) and International Council on Accounting Education Standards (IAESB). Both general and special scientific methods were used to collect data: abstraction, dialectical method, induction and deduction, analysis and synthesis, detailing and generalization, systematization and comparison. The research is supported by normative documents, scientific texts. Special reference is made to such comprehensive initiatives of the national professional community as the expansion of ethical professional standards codification for accountants and a more in-depth reflection practice in professional ethics. Finally, the paper demonstrates that continuing professional education enhances the interiorization of professional ethics. But internalization of professional ethics is not possible without a viable continuing education system.

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1. Introduction

Professional ethics in any sphere of activity is a very complex and ambiguous issue. It is practically impossible to isolate the issues of professional ethics and culture from the human value system and worldviews. The level of professional ethics development reflects, on the whole, the degree of humanity and civilization in a society, its civic consciousness. Indeed, the concept of "a skilled specialist" is perceived with respect by the majority of Russians, it comes closer in meaning to the concept of "a citizen", i.e. a person who understands the value of civil rights and freedoms, the need to ensure them in his/her daily activities, recognizing the value of life, health and mental well-being for everyone (Protanskaya, 2012).

Thus, we can consider professional values and attitudes only in close connection with the system of values and attitudes of an individual while placing a particular focus on issues of professional ethics and professional responsibility.

Global changes within continuing professional education point the need to rethink approaches to educational component. Accordingly, it is necessary to observe specific conditions of norm application in the process of transition to a new model of accounting education announced by the International Federation of Accountants (IFAC) and International Council on Accounting Education Standards (IAESB) on July 1, 2019.

2. Problem Statement

The issues of ethics and virtue have been raised since the origin of statehood. As we refer to the writings of Socrates, Plato and Aristotle, we find that much attention was given to social pedagogy in defining the best form of social structure (Romanovskaya, 2012). The issues of virtue ethics were hotly debated during the critical periods in history, in the case of social and economic changes. In view of ongoing changes these days, invoking the issue of virtue is not only an insight into the past but a present-day need (Romanovskaya, 2012). The aim of education is to eliminate the contradiction between the selfish desire for personal happiness and public service. If education tasks are achieved, a person will experience the satisfaction of virtue which is serving the public.

The issues raised by ancient Greek philosophers are still significant in the modern world. If civic virtue has become imperative, then what is primary: ethical behavior or ethical virtue? Are accepted virtues not characteristic of right acts or vice versa? (Holmes, 2006). The concept of "civic virtue" assumes a special significance in the theory of civil society which is an integrative and interdisciplinary field of socio-humanitarian knowledge (Smorgunova, 2006). Indeed, it is useless to consider the issue of "civic virtue" purely from the perspective of any given professional field. At the same time, however, it is necessary to conduct an analysis of professional behavior based on specific examples. Ethics is concerned with removing the contradictions between general professional standards and individual professional requirements to eliminate tensions arising between universal and general professional values. A request for ethical regulation comes both from inside and outside the profession (Rogozha, 2013)

According to a large ethics specialist group, the emergence of applied professional ethics is caused by the need to regulate the relations between representatives of the profession and the public concerned.

In this case, applied ethics can exist only in a civil society. The public sphere becomes a discussion platform of ethical issues, creating a public monitoring system of professional conduct and ensuring a corrective action system. It is believed that in each profession there is a fairly autonomous regulatory and ethical system that functions only within its framework. Professional ethics is focused on the discussion and implementation of the best standards of behavior in a particular profession. Accordingly, these standards include both principles of social positioning of a profession and relationships between the professionals (Skvortsov, 2013).

If the development of professional applied ethics code is carried out without the involvement of relevant specialists, it is considered that there is a risk of creating a set of official etiquette rules instead of full ethical standards.

3. Research Questions

In the context of globalization, standardization and unification of professional standards and norms become a natural process. It comes as no surprise that national regulatory documents almost comply with international ones. What happens now when the world is becoming multipolar? Informational professional field de jure remains uniform, but in reality, we face a disparity between normative application. Is professional ethics in accounting and auditing absolutely identical in domestic and foreign practice, as claimed by applied ethics thinkers? Then there is no difference in moral and ethical principles for an accountant and an auditor operating in the shadow economy, involved in money laundering, dealing with cheap, counterfeit purchases which are dangerous for life and health with a corruption component? Or the cultural and legal environment influences the formation of non-codified but real-life professional ethics for accountants and auditors? Similar questions arise everywhere in the world practice and attract the attention of not only scientists but also young authors (Mehdi, 2013; Mehran et al., 2014) and remain relevant for a considerable time, like the studies of Fatt (1995).

4. Purpose of the Study

The analysis of codes of ethics content for professional accountants (auditors) adopted at the international and national levels was conducted. As a result, we can observe the consolidation of similar principles and norms against which there are no objections. Thus, to achieve professional goals in accounting and auditing it is necessary to comply with a number of initial conditions and fundamental principles: honesty, objectivity, professional competence and due care, confidentiality, professional conduct, and to observe regulatory documents.

5. Research Methods

In accordance with the codes of ethics standards, accountants and auditors are to carefully and efficiently follow an employer's or client's instructions to the extent that they meet the requirements of honesty, objectivity and independence.

Independence is the basic principle of ethical behavior of a public accountant (auditor) is emphasized in the study by Ardelean (2013). This principle, as a rule, is considered in the unity of the inner human world - independent thinking and expression - independent behavior.

The concept of independent thinking correlates with the category of “professional judgment”. If the professional judgment is a reasonable opinion of a professional accountant regarding qualification methods and disclosure of sound information about a company’s financial standing, financial performance and their changes, then independent thinking is an ability to make a professional judgment that is not affected by external factors that can compromise the professionalism of such a judgment (Ministry of Finance, 2018).

Indeed, there is no doubt that, while ensuring public interest in financial statements, an accountant should be guided by ethical principles mentioned above. The problem facing our country is that the majority of specialists can hardly make a connection (or can’t all) between the product of their labor and the demands of external users of information compared to their western counterparts.

Problems of adherence to professional ethics standards occur not only in our country which is proved by numerous court hearings and fraud facts that have gone public, as well as conducted statistical research (Jaijairam, 2018). But that’s when publicity and a public judgement of such facts promote interiorization which results in the transformation of professional ethical principles into internal attitudes, personal ideologies of a specialist. In the absence of public interest and public censure of unethical professional conduct, the process of interiorization becomes problematic. However, such disciplinary sanctions as remarks, warnings, suspension of membership in a public professional organization, exclusion from a public professional organization, are still ineffective.

In this regard, it is necessary to observe the following conditions to avoid deviating from the fundamental principles developed at the supranational level. First, to expand the codification of professional ethical standards for accountants who deal with the internal consumer of information. Second, to ensure the reflection of professional values. In this case, the reflection of professional values can be represented in the form of exteriorization and subsequent interiorization of the system of the subject’s reflective connections with other people of the professional community. Initially, this process can be represented as an in-depth discussion of professional collisions, unethical behavior of members of the professional community, analysis of the consequences of unethical behavior of specialists, based on foreign practices. The educational component is no less important than teaching accounting through informational technologies since professional skills can be efficiently applied in combination with professional ethical norms.

The International Federation of Accountants has developed eight International Education Standards for professional accountants so far, which Sheremet (2004) has provided a detailed comment on.

The fourth educational standard (IES 4) is devoted to professional values and ethics. In order to provide professional accounting services with competency and maintain public interest, IES 4 prescribes to adhere to professional values and ethics that professional accountants should acquire as a part of the education program. Consequently, the educational program of a professional accountant should contain

an educational component that will allow future professionals to carry out activities consistent with professional ethics.

At present, there is the Professional standard of the accountant, approved by order of the Ministry of Labor and Social Protection of the Russian Federation of December 22, 2014. №. 1061n. Unfortunately, the format and style used in the standard do not allow to incorporate components related to ethics and professional values. The description of professional activities does not include an ethical component. It is probably considered that all ethical regulations should be listed in the code of ethics. In this case, the teaching and learning process doesn't involve an educational component and turns into teaching professional activities.

At the same time, International Accounting Education Standards Board released a proposed revision of eight International Educational Standards to define responsibilities of IFAC members and other parties involved in training, professional development and evaluation of professional accountancy education. It is expected that a new edition of international educational standards, among other things, will narrow differences between national professional accounting standards, will contribute to the global mobility of professional accountants, and will establish international standards that IFAC members can use for comparison (Volnitser, 2015). International educational standards define professional competencies in terms of technical literacy, professional skills and values, ethics and worldview. They outline the range of professional accounting competencies and include learning objectives to ensure that professional accounting competencies meet the requirements of the public and audit partner expectations.

6. Findings

In each case, professional ethics meets one of the most important needs of the professional community - the need to consolidate in order to solve professional problems. An exceptional role in meeting this need belongs to the ideals that serve as a primary standard, the main evaluation criterion defining principal objectives of the activity.

Is it possible to define specific professional ethics in accounting and auditing, or in this case, we should only refer to universal human values applicable to any kinds of professional activity? Thus, values of professional ethical responsibility and values related to self-actualization, self-esteem and self-improvement of a specialist, the achievement of high professionalism should be incorporated in any professional activity. Professional ethics is formed and manifested in each area of skilled work in acts of love, a conscientious attitude to one's duties, creative task performance, in symbolism and professional rituals, etc. Due professional care is always an indicator of a high level of cultural development in a particular area of human activity.

Applied and professional ethics include the following main features.

1. Issues arise in public life which imply and require codified regulation and control, in areas of institutional behavior when acts are of a conscious and socially responsible nature.
2. Problem-solving is based not only on good will, moral determination but also on professional judgement. In this case, the moral validity of the choice is closely connected with sufficient knowledge of the selected option.

3. Case study method does not provide the solution to the problems despite their complex nature, they are open not because there has not been found a logically flawless justification for their solution, but because they haven't got one, as a rule, the problems are always singular and need particular solutions each time.
4. Decision-making is also public and procedural implementation is most often carried out through ethics committees.

We believe that by defining valid problems in applied and professional ethics we can establish general moral requirements in relation to accounting needs. Bearing in mind the above-mentioned characteristics, it is possible to distinguish two essential features of accounting principles that can form a set of moral norms. First, the necessity to act on preventing conflicts of interest, provided that, it is impossible to make a complete shortlist of conflict of interest cases. Second, the public nature of the accounting profession requires it to serve the public interest.

Codification of ethical norms in accounting is not only their sign and symbolic consolidation but a real necessity. As previously noted, a professional accountant may be faced with a conflict of interest (in a broader sense, a moral conflict). A conflict of interest may require an accountant to resolve ethical issues arising in personal and professional life, which force a specialist to prefer one moral value to another. Moral conflict occurs when there is a contradiction between different stages of moral development, and, therefore, it can be a contradiction between moral and spiritual values, professional and civic duties. The resolution of a conflict of interest is based on the specialist's adherence to a hierarchy of values that correspond to professional goals and tasks and a clear understanding of the effects of one's choice. Thus, in this particular case, the duty of public interest should be considered as higher in relation to the duty to another private person. Another thing is when there is no so-called "feedback" - no public judgement and punishment for the violation of ethics code standards. Why comply with any norms and principles, if "honesty, objectivity, expertise and diligence ..." are far from reality? Why follow the provisions of ethics code if society does not react properly to unethical behavior?

Accountancy profession serves the public interest, which implies recognition of its social responsibility. A professional accountant involves not only meeting the needs of an employer or an individual client, professional interests and accounting standards are significantly influenced by the public interest. In this case, society is represented by users of information, which is the product of accounting. Users of information, if any, rely on objectivity, independence, and honesty of accountants when making economic decisions, and observance of their general interests sets an activity vector for a professional accountant and auditor. If criminal and administrative penalties for professional accountants are effective, then the question arises whether the codification of professional ethical norms is appropriate. The lack of professional community reaction to the cases of non-compliance with the code of professional ethics means the formal adoption of international standards.

Ethical consideration of value consciousness presupposes and accepts a variety of moral and value positions. People live according to a different set of value systems. Each culture has central and priority values, the denial of which for the sake of any introduced "objectivity" and "highest morality" leads to the destruction of ethnonational environment and personality. However, there is always the possibility,

which is a necessity in a multipolar world, to respect the values of other people and build interaction on mutually acceptable principles.

Contemporary ethics studies the intense dynamics of the interaction of the entire diversity of moral doctrines. The existing concepts open up the possibility to coordinate positions since the mutual agreement to fulfill the partners' requirements to follow certain standards of behavior does not pose a threat to an ethno-cultural worldview. Value aspect in global development includes the intensive exchange of material and spiritual values which are created in local communities and, furthermore, the discovery of value diversity common to all humankind of the world.

Is there any use in present-day conditions to neglect international ethical norms and principles that are codified? Certainly not. Professional (not only for professions in question) interaction is the foundation that guarantees mutual understanding and interaction at the international and multinational level, which is now a problem for Russia.

According to international accounting education standard, professional values and ethics are a compulsory module of pre-qualifying programs. Professional education programs for accountants are expected to develop the concept of professional values and ethics that apply both to decision-making and job duties in accordance with ethical standards in the public and professional interest. The content of educational programs would enable candidates to serve the public interest and to be socially responsible; be engaged in continuous professional development; to be a responsible, reliable, careful, polite, honorable employee; comply with professional requirements and ethical standards of conduct.

The national professional accounting standard does not set definite and clear objectives and tasks how to train a specialist. Putting these objectives and tasks into action involves the complexity of education process in general and education of an adult in particular, because of inability to get positive results quickly, the insufficient level of professional and pedagogical training of a subject of education. Indeed, we can't but agree with the opinion of Hartman (2002), a recognized thinker on ethics: We can't fail to notice a narrow but quite realistic practical field of ethical research in any educational activity, whether it includes teaching professional educators or involuntarily influence in any kind of communication with a morally mature person. After all, the wider the moral leader embraces the realm of values, the more widely he, inevitably, opens understanding and perspectives of life to the followers. Value issues are invisibly present in school subjects and life issues, and everyone, who criticizes, advises, pays attention or discusses literary material, can't help but bring a morally unspoiled pupil to the eternal subjects - ethical values.

There is no denying the fact that compulsory study of professional ethics codes is an essential part of educational programs since knowledge of professional conduct standards is no longer a private matter of a specialist. While morality - a set of spiritual qualities of a person who mastered morals and is fully aware of true moral values and preferences and can apply ethical categories to real-life situations, thus, can be learned. Morality, as well as any art, is taught, however, morality is the highest art as it unites all moments in a person's life, directs his feelings, desire, will, thoughts, i.e. controls his inner life, requires him to understand the meaning of his actions, makes him consult with himself and others, especially spiritual leaders (Rozhdestvenskiy, 2002).

On the other hand, the educational process should be supported by the reaction of the professional community to the immoral behavior of members of the profession. As previously noted, public professional organizations should monitor compliance with professional standards and impose sanctions. Today we must acknowledge the weakness of such corporate control in this area. In effect, the importance of the institutionalized interference of the accounting community with its member's performance is underestimated. The public side of the accounting profession identifies the need to establish ethics committees and a system of public control over the adherence to provisions of the Code of Ethics of Professional Conduct. The institutional intervention is supposed to draw the attention of community-serving public professional organizations to the professional and moral atmosphere within the community. Institutional intervention through ethics committee's activities can be a demonstration of a collective attitude to the misconduct of an individual specialist. Such kind of intervention affects the public opinion of the professional environment and appeals to the professional and moral consciousness of a person, his moral orientation and values.

Collective reflection, the search for more accurate professional and ethical positions, discussion of unethical behavior within professional communities is the goal of ethics committees. The given disciplinary measures alone are ineffective. Moreover, modern science has proved that toughening the penalties is ineffective in any sphere of human activity.

Meanwhile, we must not rely solely on the activities of ethics committees. Ultimately, unlike legal and administrative norms that are binding, the fulfilment of moral requirements practically depends only on the individual. When a person violates them, society in general and the professional community, in particular, have practically only one means of influencing him - moral reprimand and a public judgement. Therefore, it becomes clear that it is impossible to isolate accounting education, which includes moral education, from the education system as a whole, starting from the earliest years.

7. Conclusion

The primary goal of moral education is to foster creativity in the actions and behavior of a person. To achieve this, an individual must create ethical models of his behavior. In this case, it is possible to influence an adult with moral reasoning - a theoretical procedure in ethics that proves the necessity of fulfilling moral requirements by each person. It is necessary to explain why each individual should be interested in doing moral deeds, and in what way morality can improve the quality of life, but the philosophical conclusions regarding practical issues of life have a probabilistic nature and, therefore, the moral reasoning process cannot be finished.

Thus, we can conclude that the internalization of professional ethics is not possible without a viable continuing education system, which should be considered as a single system starting from primary education and finishing with continuing training in the workplace.

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