

Research on the Construction of Professional Ethics of Accounting Personnel

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Abstract: Accounting basic professional ethics refers to the behavior and norms that accountants should follow. It reflects the professional skills, professional ethics and influence on the social economic environment of accountants. With the development of the times, financial information has become the basis for the parties to participate in the decision of the social market economy, so the importance of the basic professional ethics of accounting has become increasingly prominent. In recent years, accounting fraud has become more and more serious due to the irregularities of accountants' basic professional ethics, which has affected the development of the social market economy. Therefore, it is urgent to strengthen the construction of accounting professional ethics, improve the moral standard of accountants, resolutely crack down on false accounts, standardize the order of our accounting market and eliminate corruption. Although accounting ethics receives a lot of attention today, many scholars still treat it as a separate discipline, rather than just combining it with false financial statements, fraud, and fraudulent activities. This article delves into the ethical standards of accounting practitioners in China and explores the reasons for this phenomenon from different perspectives. Through this work, it proposes some effective measures to promote the fairness and transparency of China's accounting work and create a healthy financial environment for society.

Keywords: Construction, Professional ethics, Accounting personnel

1. Introduction

The significance of professional ethics in accounting cannot be overstated, especially in the modern economic landscape where financial information plays a pivotal role in decision-making processes within the market economy[1]. This paper explores the crucial influence that the ethical behavior of accountants has on the integrity and reliability of financial reporting and its broader impact on societal trust and economic development. Recent incidents of accounting fraud have illuminated serious deficiencies in the foundational ethical standards of accountants, prompting an urgent call for enhanced ethical training and stricter regulatory oversight. As financial scandals continue to surface, damaging the economic fabric and diminishing public confidence, the need for robust, ethical practices in accounting has become increasingly apparent. This study delves into the ethical lapses that have plagued the accounting profession in China, evaluating their causes, and proposing comprehensive strategies aimed at reforming ethical standards. By focusing on the construction of a strong ethical framework, this research aims to not only curb the prevalence of fraud but also to

foster a financial environment characterized by fairness and transparency. Such efforts are essential for sustaining the health of the market economy and ensuring the social and economic well-being of the community at large. Through this examination, the paper contributes to the ongoing discourse on professional ethics in accounting, emphasizing its critical role in maintaining the order and integrity of financial markets.

2. Characteristics, Content and Significance

2.1. Characteristics of Professional Ethics of Accounting Personnel

The professional ethics of accounting personnel are characterized by a set of principles that dictate honesty, integrity, confidentiality, objectivity, and professional competence[2]. These ethical characteristics are foundational to the role of accountants as guardians of financial truth and fairness. Honesty compels accountants to present financial information truthfully, without succumbing to pressures to alter data for the benefit of particular interests. Integrity ensures that accountants adhere to moral and ethical principles, regardless of the potential personal or corporate gains from unethical behavior. Confidentiality is critical as accountants often handle sensitive information; maintaining discretion protects the interests of stakeholders and upholds the reputation of the financial system. Objectivity requires accountants to remain impartial, avoiding conflicts of interest to ensure unbiased financial reporting. Lastly, professional competence mandates that accountants maintain their skills and knowledge, staying updated with evolving standards and regulations to perform their duties effectively. Together, these characteristics not only shape the professional conduct of accountants but also foster trust and dependability in financial reporting, which are vital for the functioning of a transparent and efficient market economy.

2.2. Main Content of Accounting Personnel Professional Ethics

2.2.1. Love the Job and Respect the Industry

Dedication is a fundamental moral imperative in all professional endeavors, serving as the cornerstone of professional ethics for accounting personnel. This dedication manifests as a deep love for the job and a profound respect for the industry—qualities that are essential for the diligent and committed execution of accounting duties[3]. Loving one's job is crucial as it fuels the drive to perform with thoroughness and passion; without genuine enthusiasm for the work, an accountant might not fully invest their efforts or uphold the highest standards of due diligence. Respect for the industry entails a conscientious approach to work, forming the foundation upon which all other ethical principles are built. While this concept differs from Max Weber's notion of "vocation" in the Protestant Ethic, which is steeped in religious belief and imbues a sense of professional calling, the essence of professional enthusiasm remains vital across all fields. In accounting, this enthusiasm not only motivates exemplary performance but also fosters a culture of integrity and accountability crucial for the profession's credibility and the broader financial ecosystem.

2.2.2. Familiarize with Regulations

The critical role of accounting in supporting enterprise development and managing funds responsibly cannot be overstated. It is essential for accounting personnel to firmly establish correct values and meticulously adhere to fiscal and tax policies, operating strictly within the framework of relevant laws, regulations, and guidelines[4]. This rigorous adherence to regulatory standards not only ensures the proper functioning and development of enterprises but also reinforces the integrity of financial reporting and accountability. Furthermore, by intensifying efforts to educate the public

about financial regulations, we can cultivate a wider understanding of fiscal responsibilities and encourage compliance as a civic duty. This commitment to familiarization with and adherence to regulations is paramount in securing the proper management and strategic growth of companies, ensuring that they operate ethically and effectively within the bounds of legal and ethical standards.

2.2.3. Follow The Law

Financial and economic regulations" are critical tools that help safeguard and manage economic activities, ensuring that they align with the broader public interest. These regulations are crafted to bolster and enhance the market economy of the People's Republic of China through the establishment and implementation of specific economic guidelines, policies, and rules[5]. In the realm of accounting, it is often misconceived that deviating from the law under certain circumstances might be justifiable; however, true ethical behavior necessitates that accountants respect and uphold social fairness and justice. It is imperative for accountants to rigorously enforce relevant laws to ensure that their work not only adheres to legal standards but also promotes the integrity and effectiveness of financial operations, thereby contributing to a just and equitable society.

2.2.4. Be Objective and Impartial

As accountants, the obligation to uphold the principles of objectivity and impartiality is paramount. Accountants must strictly adhere to these principles, following laws and regulations, respecting social norms, and safeguarding the rights and interests of all stakeholders[6]. This commitment to ethical standards compels accountants to handle complex financial issues with an objective and fair mindset, ensuring that their analyses are thorough and scientifically sound. Accountants must maintain high moral integrity, discipline, and consistency in their work, steadfastly resisting any temptations to compromise their professional duties for personal gain. While the rules governing accounting may seem merely procedural, they embody a higher ideal—a profound sense of responsibility and a stringent ethical code that guides accountants in fulfilling their crucial role in protecting the legitimate rights and interests of the state and other relevant entities.

3. Performance and Harm of Accounting Personnel's Lack of Professional Ethics

3.1. Lack of Professional Ethics of Accounting Personnel

3.1.1. Weak Work Ethic

In the diverse landscape of market economies where various types of ownership coexist, some enterprise managers prioritize personal gains over national fiscal policies, thereby compromising the proper execution of essential financial directives[7]. This issue is exacerbated by some accounting personnel who, lacking a thorough understanding, treat these directives as mere formalities rather than substantive guidelines crucial for maintaining financial integrity. Zhu Rongji highlighted this concern at the 1994 Provincial Accounting Work Conference, stressing the need for unwavering professional ethics in accounting to prevent the manipulation of information that could harm the national economy and citizens' rights. Further, at the 16th Global Congress of Accountants, the emphasis was placed on integrity as a fundamental element not only for market trust and business development but also as a vital component for the sustainability and growth of enterprises, particularly in the SME sector. This focus on ethical practices has significantly boosted the accounting profession's role and societal impact, demonstrating the profound importance of integrity in fostering a robust economic environment.

3.1.2. Seek Nothing but Profits, Embezzle

In the accounting profession, where the proximity to monetary assets is inherent, some individuals succumb to the lure of material wealth, adopting a morally hazardous mindset that prioritizes personal gain above all[8]. This misguided pursuit often leads to severe ethical breaches, including the deliberate falsification of financial information, the creation of dual accounting systems (one for internal use and another for external reporting), and various forms of embezzlement. Such actions not only violate legal standards but also jeopardize the interests of the state and the public. A stark example of such misconduct occurred on January 16, 2012, when the Chongqing Intermediate People's Court disclosed the case of Peng Chun, who exploited his position to orchestrate a fraudulent transfer of 10 million yuan, causing substantial financial damage to the involved parties. This case, which involved Peng Chun misusing his authority for personal enrichment, highlighted the critical need for stringent oversight within the accounting sector to safeguard against such unethical practices and to preserve the integrity of financial systems.

3.1.3. Lazy Attitude, Slack Discipline

Many accountants perceive their daily responsibilities of financial checks, statements, and managing expenses as exhausting and mundane, yet these tasks also present significant opportunities for professional success. However, as the finance sector evolves with increasing opportunities in finance, investment, and related fields, the outdated attitude of minimal effort is being replaced by a more diligent and responsible work ethic. Despite facing negative public perceptions of being difficult to manage and interact with, accountants are increasingly committed to fulfilling their duties and respecting organizational directives. Nonetheless, some continue to let greed override their professional obligations, manipulating systems and standards for personal gain. This malpractice includes inflating fees and concealing losses in financial reports, and manipulating accounts during corporate restructuring to detrimentally affect a company's assets and the state's interests. Today, some financial experts use their skills to craft both real and fictitious manipulations in financial reporting, transforming them into seemingly magical figures in finance. This growing trend of sophisticated deceit highlights the erosion of the principle of honesty in accounting, leading to an alarming increase in the creation of fraudulent financial documents and making the adage "do not cook the books" increasingly obsolete.

3.2. Harm of Accounting Personnel's Lack of Professional Ethics

3.2.1. Deviation from The Requirements of Objectivity and Scientific Rigor in Accounting

Accounting is crucial in economic management, aiding in informed decision-making and optimal resource allocation to enhance enterprise sustainability and societal well-being. It is governed by principles of objectivity and scientific rigor, requiring accounts to be grounded in objective truth and legally verifiable evidence, ensuring accurate financial recording and credible information[9]. Accountants are expected to manage financial transactions based on reality, utilizing effective information and adhering to relevant laws. However, when accountants deviate from these ethical standards and fail in their duties, the accuracy and credibility of accounting data suffer. Consequently, even meticulously prepared financial reports may fail to truly represent a company's financial flows, risks, and liabilities, thus severely compromising the accuracy, objectivity, and scientific nature of accounting practices.

3.2.2. Damage Accounting Team's Social Image and Reputation

Accounting is fundamental in providing stakeholders with reliable information for decision-making, particularly in listed companies where timely and accurate disclosure is crucial for public investors. The effectiveness of accounting hinges on the objectivity and truthfulness of its information. When accounting fails to maintain these standards, not only does it hinder users from making informed decisions, but it also misleads them, potentially leading to significant financial misjudgments. This is especially critical in public companies where dishonest accounting practices can embellish the true state of affairs, mislead investors, inflate profits, and, upon exposure, lead to stock price crashes and public distrust. The prevalence of ethical lapses, including fraud, power corruption, and inadequate governmental oversight, often pressures accounting personnel to compromise their ethics, resulting in the dissemination of distorted information. Such breaches undermine the very purpose of accounting, erode its intrinsic value, and severely damage the social image and reputation of the accounting profession.

3.2.3. Endanger The Development of Enterprise

The success of a company heavily relies on effective management planning, for which accurate and timely financial reporting is essential. Accountants, often considered the custodians of a company's financial health, play a critical role in ensuring its long-term stability. In today's dynamic market, the professional ethics of accounting practitioners is paramount. Ethical lapses among accountants can jeopardize the entire organization, leading to unhealthy practices and potentially threatening the company's survival[10]. A stark example is the collapse of Barings Bank, precipitated by unethical practices including power abuse and financial misreporting, resulting in losses amounting to 860 million pounds and the eventual downfall of a bank with over 200 years of history. Similarly, in China, unethical behavior among accountants, such as falsifying financial data to cover corruption and misappropriation of funds, has led to severe operational disruptions. From 2009 to 2014, for instance, Chen misused his role in the "Dingsheng Group" to embezzle over 8 million yuan for personal expenses, significantly harming his company. Despite eventual legal repercussions, the financial damage inflicted was irreversible, highlighting the critical need for stringent ethical standards in accounting to safeguard a company's integrity and future.

4. Countermeasures to Strengthen the Construction

4.1. Improve the system of accounting regulations

In the framework of China's socialist market, the construction of a robust legal and economic system is fundamental, not only fostering the growth of socialist productive forces but also supporting the vibrant development of the market economy. The accounting legal framework, integral to this construction, underpins economic system reforms and rule of law development. Legislation such as the "Law of Registered Auditors," "Law of Accounting," and various regulations on financial reporting and management, have established a comprehensive set of professional ethics standards for accountants, making substantial contributions to social progress. Despite these advancements, the full potential of these laws has not been realized due to incomplete implementation and enforcement challenges, leading to unethical practices like the falsification of financial documents and misuse of invoices. To combat these issues, there is a pressing need to enhance the supervision of accountants' professional ethics, ensure adherence to social fairness and justice, and continuously refine existing laws to establish a robust framework of high-quality professional ethics guidelines, ensuring the integrity and quality of accounting work.

4.2. Optimize the Working Environment of Accountants

Addressing ethical dilemmas in accounting requires enhancing moral awareness among accountants and creating a supportive external environment. Excessive control by accounting heads often leads to unethical practices; therefore, limiting their power and increasing oversight is crucial. Leaders must ensure their companies operate legally and ethically, maintaining market order and promoting transparency in financial reporting. This includes adhering strictly to laws and enabling both internal and external scrutiny of accounting practices. Recruitment should prioritize ethical integrity, emphasizing moral character over technical ability alone, with stringent systems in place to uphold these standards. In China, traditional corporate structures often compel accountants to depend heavily on direct managers, underscoring the need for clear operational systems that delineate responsibilities and empower effective supervision. Enhancing professional ethics also involves strengthening law enforcement, adopting appropriate international standards, and fostering a transparent, equitable corporate culture. The implementation of central policies and ongoing anti-corruption initiatives further support this ethical advancement, creating a conducive environment that nurtures professional ethics and aids in the overall development of the accounting profession.

4.3. Strengthen the Cultivation of Professional Ethics and Improve the Self-Discipline Ability

Strengthening the professional ethics and self-discipline of accountants is essential for ensuring orderly accounting practices. Accountants must internalize professional norms into their daily routines, with a strong sense of independence and self-restraint playing key roles in this self-disciplinary process. As they navigate the complexities of an evolving political, economic, and cultural landscape, accountants face increasing challenges that demand high ethical standards, advanced technological proficiency, and adept financial management skills to stay competitive. Continuous education and a robust sense of self-management are critical, enabling accountants to adhere to professional ethics and meet societal expectations. Moreover, enhancing oversight by government and social organizations is vital to ensure adherence to principles of social fairness and justice. Ultimately, fostering a deep-seated sense of responsibility and commitment to societal contributions is foundational and requires ongoing effort to cultivate a durable and effective moral self-discipline system among accountants.

5. Conclusion

For the accounting profession, it is very necessary to discuss the ethics. This work can not only help us better understand the industry but also help us better develop accountants' own professional skills. Therefore, accountants need to adhere to the principles of Marxism and apply them to accountant work. By integrating Marxist values into the analysis of accounting professional ethics, the core value of Marxism can be more deeply recognized, so that it can develop from general ethical thoughts and standards to more specific action standards, so as to promote the current accounting industry to be more healthy, fair and just. Through literature, comparative research, integration of theory and practice, and multidisciplinary synthesis, this topic is deeply explored, so as to more comprehensively solve the current problems of the accounting industry, and give more perfect solutions, so as to promote everyone's society to be fair and just, so as to develop more comprehensively. Establish a comprehensive and significant code of financial conduct.

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