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# IMPORTANCE OF ETHICS IN THE EDUCATION OF ACCOUNTANTS

## ABSTRACT

Confidence in the financial statements as well as in presented business results is of particular importance when assessing the financial position and performance of an enterprise. One can assume that the level of confidence in the presented results of operations will be even greater if the society in which the company operates qualifies as unethical or one in which it is common not to comply with high ethical standards. The question is whether ethics can be learned. There are different views on the above issue but what certainly is true is the fact that it is not harmful if education on the importance of applying high ethical principles in business is provided through the education system. Several research questions have been posed in this paper. The first question is to what extent are prospective professionals in the field of economics being educated on business ethics through their system of higher education? Therefore, educational programmes of selected economics faculties were analysed. Furthermore, due to the important role of accountants in financial reporting, as well as the fact that there is an increasing awareness of the requirements of ethical conduct, the main objective of this paper is to examine how future accountants perceive ethics. The results of the empirical research conducted using the survey method are encouraging as they indicate a relatively high level of awareness of future professional accountants on the importance of applying the highest ethical standards in business.

**Keywords:** Ethics, education, ethical principles, accountants, Croatia

## 1. Introduction

According to International Financial Reporting Standards (IFRS), the objective of general purpose financial statements is “to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making economic decisions” (IASB, 2007)<sup>1</sup>. However, after significant accounting scandals, there was a loss of confidence in the quality of the financial statements and the issue of ethics is increasingly emphasized. The current business and commercial

environment may place enormous pressure on accountants, which may result in decisions and judgments that compromise ethical standards (Helliar, Bebbington, 2004)<sup>2</sup>. In order to ensure quality information of the financial position and performance of the company, accountants should act in accordance with generally accepted accounting principles, standards, and regulations but also with the code of ethics for professional accountants.

Due to the important role of accountants in financial reporting, as well as the fact that there is an

increasing awareness of the requirements of ethical conduct, the main objective of this paper is to examine how accounting students perceive ethics. According to numerous researches “there seems to be a positive correlation between academic dishonesty in college and unethical behaviour in work environment” (Anitsal et al., 2009). Therefore, the paper examines future professional accountants’ attitudes about ethics in general as well as their attitudes about ethics of certain situations. Since respondents are potential employees, their perception of ethics can be useful information to employers as it can provide them with knowledge of how they will make ethical decisions when dealing with the same or similar situations in the business world.

## 2. Theoretical framework

Business ethics “comprises organizational principles, values, and norms that may originate from individuals, organizational statements, or from the legal system that primarily guide individual and group behaviour in business” (Ferrell et al., 2014). Professional ethics is the application of general ethical principles and rules to solve specific problems of certain groups in society and one of the common ways of implementing ethics in the accounting profession is to establish ethical principles and rules of conduct in the form of a code of professional ethics (Tušek et al., 2014). According to The Code of Ethics for Professional Accountants (2016) “a professional accountant in business is expected to encourage an ethics-based culture in an employment organization that emphasizes the importance that senior management places on ethical behaviour” (IFAC, 2016)<sup>3</sup>.

Ethics can be a particular problem with the financial reporting given that accepted accounting principles leave ample room for arriving at different results in the short run and highly subjective estimates can substantially influence earnings (Gibson, 2013). To ensure reliable financial reporting, critical controls start with an ethical tone at the top of the organization and include, among others, a strong code of ethics (Centre for Audit Quality, 2010)<sup>4</sup>. Certified Fraud Examiners (CFEs), by investigating occupational fraud cases, indicated that implementation of a code of conduct improves organizational control and can reduce organizational exposure to fraud. In accordance with their investigation, a code of conduct appears to be effective at limiting the cost and duration of fraud schemes; victim organizations that implemented this control experienced losses 50% smaller and schemes 33% shorter than organizations that did not (Association of Certified Fraud Examiners, 2014)<sup>5</sup>.

In order to ensure quality financial statements, a number of demands are placed in front of professional accountants. Since they are acting in the public interest, professional accountants should observe and comply with the ethical requirements that were established in the Code of Ethics for Professional Accountants. Ramljak et al. (2016) investigated the influence of awareness of the Code of Ethics for Professional Accountants on ethical behaviour of accountants and concluded that “accountants who are well informed of the Code of Ethics for Professional Accountants act rather ethically”. In addition to the written rules of conduct, adequate education is certainly a significant factor contributing to the professional performance of tasks. Jackling et al. (2007) point out that according to professional accounting bodies’ perceptions, ethics should be part of the accounting curriculum just like other technical accounting skills and they support ethics education at the pre- and post-qualifying levels of education.

According to Lau et al. (2012), “recent research has focused on ethics education as a factor that influences ethical behaviour. Conflicting results have surfaced, with disagreements on whether classroom instruction significantly affects ethical perceptions and actual behaviour. If the business discipline has become corrupt in practice, then it seems necessary that ethics education be built into a required college curriculum. The challenge, however, is to determine whether the students would perceive this education as beneficial and whether it would affect the behaviours of future business leaders.” A study conducted by Lau et al. (2012) investigated college students’ perception of ethics. The authors found that “individuals fresh out of college seem to have a stronger ethical nature and awareness, thanks, in part, to their education”, and concluded that “college education and students’ personal lives are shaping future business leaders and encourage ethical decision making.”

Desplaces et al. (2007) conducted a study by using theories of moral reasoning and moral competence to investigate the relationship between university codes of ethics and student perceptions of ethical culture in three different educational institutions, as well as the relationship of various situational variables to moral reasoning and judgment competence among business students. According to this research, ethical codes and student perceptions of such codes affect their perceptions of the ethical nature of the cultures within these institutions. The results of the above-mentioned study also suggest that faculty and student discussion of ethics in business courses is significantly and positively related to moral competence among students. Shurden et al.

(2010) conducted an analysis to find out whether students' perceptions of sensitive ethical dilemmas have changed over three years of surveys and concluded that progression of responses indicated that "ethics can be taught, and that instructors have an impact on the ethical values that students carry with them into the business world". Maskulka and Erickson (2011) conducted a study of business students' perception of ethical behaviour and their actual activities reflecting those perceptions. The conducted analysis suggested a link between perceptions of unethical behaviour and a tendency to engage in those behaviours and the authors concluded that students are more hesitant to engage in behaviours they perceive as being the most unethical.

Contrary to the above-mentioned studies, based on the results of the conducted research in which authors examined whether undergraduate students' perceptions regarding the acceptability of cheating were influenced by the amount of ethics instruction the students had received and/or by their personality, Bloodgood et al. (2010) concluded that simply taking a business ethics course did not have a significant influence on students' views regarding cheating. In accordance with the results, the authors state that taking the ethics course did influence the attitudes of some (but only some) students. In the research conducted by Lalević-Filipović and Drobnjak (2017), as the most important goal of ethics education, the respondents point out that education in the field of ethics helps to develop ethical responsibility among accountants. Žager et al. (2016) have analysed the impact of written rules of ethical behaviour on the quality of work of accountants and auditors. Their results confirm that written rules of conduct can contribute significantly to the creation of a favourable atmosphere where behaviour that is considered unacceptable is clearly defined.

In this regard, the question is whether it is too late to learn about ethics within the programmes at universities. Parks (1993) stated that "there is ample evidence that ethical consciousness and commitment can continue to undergo transformation at least throughout formal education" and stated that "moral development can continue into adulthood, and that particularly dramatic changes can occur in young adulthood in the context of professional school education". Bampton and Maclagan (2005) "outline a variety of reasons as to what accounting ethics education can effectively achieve, such as increasing students' awareness, teaching them that business indeed does not have to be unethical automatically, relating accounting edu-

cation to morality and ethical issues, and helping students get a better understanding of practice-related matters" (Bampton and Maclagan, 2005 cited in Al-Htaybat and Alberti-Alhtaybat, 2015). In an empirical analysis of the positive impact of ethics teaching on accounting students O'Leary concluded how it appears that ethics education is beneficial, and that the challenge is to find the optimal method(s) (O'Leary, 2009).

Literature review has shown that there is a good basis for investigating the importance of ethics in business. The key research question is whether students of economics recognize the importance of applying high ethical principles in the development of accounting profession. The most important research results are divided into two phases. The role of higher education in securing high ethical principles in business has been analysed by examining the representation of courses in the field of business ethics within the education programmes of selected faculties of economics operating within state universities of the Republic of Croatia as well as selected faculties of economics operating in the region. The second part of the research relates to the analysis of the application of high ethical principles in business and it aims to identify personal ethical attitudes of those who are or will soon become part of the business world.

### **3. Representation of ethics in the curriculum of higher education**

Indisputably, it is important to apply ethical principles in life in general as well as in the business world. Confidence in the financial statements or presented business results is of particular importance when assessing the efficiency and business performance of an enterprise. We are witnessing various corruptive scandals that cause reasonable doubt about the reality and objectivity of the financial statements. One can assume that the level of confidence in the presented results of operations will be even greater if the society in which the company operates qualifies as unethical or one in which it is not common to comply with high ethical standards.

One of the important questions that occurs is whether ethics can be taught, or whether the acquisition of ethical principles is primarily in the domain of the family. There are different attitudes on the mentioned issue, but what is certain is the fact that it is not harmful if education on the importance of applying high ethical principles in business is provided through the education system. In order to find out the extent to which prospective economists are educated on busi-

ness ethics through their system of higher education, the curricula of university and professional studies of the faculties of economics, which operate within state universities in Croatia, are analysed (Table 1). According to the research results, six of the seven state economic faculties have been analysed.<sup>6</sup> In general, courses that teach business ethics are usually elective courses and are conducted in undergraduate or graduate university or professional studies. There are several examples of good practice where the opportunity is provided to further improve the ethical principles through postgraduate specialist and even doctoral studies. At a higher level of study, special attention is paid to the importance of respecting professional ethics codes, and ethical issues are primarily related to corporate socially responsible business operations. The conduct of the ethics courses is primarily in the domain of two departments, namely the management and marketing department, although it is evident that accounting department also performs courses that are closely related to the application of the code of ethics for accountants and auditors.

If the presented data are compared to the selected faculties of economics in the region as well as to the renowned faculties of the selected European countries, there are no significant differences (Table 2) in the approach to education on business ethics. Differences are manifested in the status of the course, since in the analysed regional and other European countries it is slightly more frequent that courses in ethics will be compulsory while the courses in ethics at the faculties of economics in Croatia are usually performed as an elective course. Furthermore, it is evident that in countries in the region, ethics courses are more widely seen from the aspect of applying ethics in business while in other European countries ethics courses are conducted within a graduate study and are more specialized in the field of study, for example, ethics in using information technology or leading an ethical organization and the like.

In addition to ethics in the segment of teaching activities, there are a number of acts and regulations that regulate the ethical behaviour of students such as ethical codes or regulations on the disciplinary responsibility of the student. In this way, the faculties define the rights but also the working duties of students in order to preserve the reputation of both institutions and universities as well as teachers of particular constituents. Almost all faculties, including the faculties of economics analysed in the paper, prescribe the application of general standards of ethics. The code of ethics (Faculty of Economics & Business in Zagreb, 2008)<sup>7</sup> stipulates that students are expected to act as responsible members of the

faculty and university community by complying with the laws and regulations, basic human rights, integrity and dignity of other persons, academic freedom, principles of equality and justice, as well as to perform their obligations diligently and professionally. Furthermore, the disciplinary code for students stipulates and defines in detail the violation of their duties or violations of the non-fulfilment of the corresponding obligations, which are grouped into minor and major disciplinary offences (Faculty of Economics and Business in Zagreb, 2016<sup>8</sup> & Josip Juraj Strossmayer University of Osijek, 2010<sup>9</sup>). Behaviours commonly classified as a minor disciplinary offence are when students are creating excessive noise and racket interfering with normal work of the students, teachers and office employees of the Faculty, disruption of teaching, indecent behaviour towards teachers, students and employees at the university or faculty, giving or receiving unauthorized help during the exam as well as use of unauthorized devices, unauthorized software installation without the knowledge of the authorized person, all behaviour having adverse effect on the hygiene and cleanliness of the faculty premises and environment and finally, any other disciplinary offence that has not caused serious consequences. On the other hand, major disciplinary offences usually include: non-compliance with general acts and decisions of competent authorities, unauthorized use of another student's transcript, forging teachers' signatures in the students' transcripts as well as other different documents (certificates and acknowledgments), severe disturbance of teaching or exams including the use of technical aids and other means of information and communication technology, plagiarism of any kind, public appearances that severely damage the reputation of universities or faculties, intentional damage to or defacement of the faculty's property as well as recurring minor disciplinary offences. In addition to the defined violations of student obligations, the disciplinary code also prescribes disciplinary measures applied to those students who do not comply with the provisions of the disciplinary code. Measures for violation of student duties usually include prohibition to take exams for a specified period, temporary or permanent disqualification from the faculty as well as public warning, reprimand or warning before being excluded (Faculty of Economics and Business in Zagreb, 2016<sup>10</sup> & Josip Juraj Strossmayer University of Osijek, 2010<sup>11</sup>). Based on the above, it can be said that higher education recognizes the importance of ethics and promotes ethical behaviour either through educational programmes or through written rules in the form of ethical and disciplinary codes for students.

**Table 1 Representation analysis of courses in the field of business ethics in higher education institutions of the Republic of Croatia**

	Course title	ECTS score	Course status	Type of study	The major at which course is performed	The year of the study
<b>Faculty of Economics and Business, University of Zagreb<sup>12</sup></b>	Business ethics	6	elective	Integrated undergraduate and graduate university study	Analysis and Business Planning, Finance, Marketing, Management, Managerial Informatics, Accounting and Auditing, Trade, Tourism	3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> year
	Ethics and Social Responsibility	4	elective	Specialist postgraduate study	Organization and Management	1 <sup>st</sup> year
	Code of Professional Ethics for Accountants and Auditors	4	elective	Specialist postgraduate study	Financial reporting, auditing and analysis	1 <sup>st</sup> year
	Ethics in business	5	elective	University postgraduate - doctoral study	Economics and Business Economics	2 <sup>nd</sup> year
<b>Faculty of Economics, Josip Juraj Strossmayer University of Osijek<sup>13</sup></b>	Business ethics	5	elective	Graduate university study	Entrepreneurship	2 <sup>nd</sup> year
	Business ethics	5	elective	Graduate university study	Marketing	1 <sup>st</sup> year
<b>Faculty of Economics, Business and Tourism, University of Split<sup>14</sup></b>	Business ethics	6	compulsory	Professional specialist graduate study	Management Project Management Finance and Tax Management Accounting and Auditing	1 <sup>st</sup> year
<b>Faculty of Economics and Tourism "Dr. Mijo Mirković", Juraj Dobrila University of Pula<sup>15</sup></b>	Ethics in marketing	3	elective	Undergraduate university study	Marketing Management	3 <sup>rd</sup> year
<b>Faculty of Economics and Business, University of Rijeka<sup>16</sup></b>	Ethics and Economics	3	compulsory	Undergraduate university study	International Business	1 <sup>st</sup> year
<b>Faculty of Tourism and Hospitality Management, University of Rijeka<sup>17</sup></b>	Business culture and ethics	3	elective	Graduate university study	Marketing in Tourism Tourism Management Management in Hospitality Sustainable Tourism	1 <sup>st</sup> year
	Ethics and Social Responsibility	1	compulsory	Undergraduate university study	Business Economics in Tourism and Hospitality	4 <sup>th</sup> year

Source: Authors, based on research of official web sites of the faculties

**Table 2 Representation analysis of courses in the field of business ethics in higher education institutions of selected European countries**

	Course title	ECTS score	Course status	Type of study	The major at which course is performed	The year of the study
<b>Faculty of Economics in Ljubljana, Slovenia<sup>18</sup></b>	Business ethics	7	elective	Graduate university study	-	1 <sup>st</sup> and 2 <sup>nd</sup> year
<b>School of Economics and Business in Sarajevo, Bosnia &amp; Hercegovina<sup>19</sup></b>	Business ethics	5	elective	Undergraduate university study	European Integration, Macro Finance Management, Financial Management, Marketing and Management in Tourism, Marketing Management, Management and Organization, Information Technology Management, Business Analytics, Accounting and Auditing	2 <sup>nd</sup> and 3 <sup>rd</sup> year
	Professional ethics of accountants and auditors	5	elective	Undergraduate university study	Accounting and Auditing	3 <sup>rd</sup> year
	Professional ethics of accountants and auditors	6	compulsory	Graduate university study	Accounting and Auditing	1 <sup>st</sup> year
<b>Faculty of Economics in Mostar, Bosnia &amp; Hercegovina<sup>20</sup></b>	Business ethics	5	compulsory	Undergraduate professional study	Accounting and Finance, Marketing, Management, Business Informatics	2 <sup>nd</sup> year
	Business ethics	4	compulsory	Undergraduate university study	Marketing, Management	4 <sup>th</sup> year
	Business ethics	5	elective	Graduate university study	Accounting and Finance, Marketing, Management, Business Informatics	1 <sup>st</sup> year
<b>London Business School in London, UK<sup>21</sup></b>	Leading Ethical Organizations	-	compulsory	Master's programme	MBA Programme	-
	Business Law and Ethics	-	compulsory	Master's programme	Global master's in management	2 <sup>nd</sup> year
<b>Vienna University of Economics and Business, Austria<sup>22</sup></b>	Ethical Computing	4	-	Master's programme	Master's in Information Systems	-

Source: Authors, based on research of official web sites of the faculties

#### **4. Analysis of the most significant results of empirical research on the application of ethical principles in business and personal ethical attitudes of future accountants**

##### **4.1 Research methodology**

In order to identify the ethical attitudes and moral values of a specific population that already is or will soon

become part of the business world, an empirical research on a sample of students in the final year of their graduate study at the Faculty of Economics, University of Zagreb, major - Accounting and Auditing was conceived. The survey was conducted in April 2018 and the survey method was a questionnaire, in which 80 responses were collected. Table 3 lists the most significant characteristics of the respondents.

**Table 3** *The most significant characteristics of the respondents*

Respondents' characteristics		Frequency	Percentage
Gender	Male	9	11.25 %
	Female	71	88.75 %
Type of student	Full-time student	69	86.25 %
	Part-time student	11	13.75 %
Work experience	No	8	10.13 %
	Yes, on accounting jobs	33	41.77 %
	Yes, on various non-accounting jobs	38	48.10 %

Source: Authors, based on empirical research results

Women (89%) versus 11% of men dominate the research population. Such a relationship is not surprising given that women have dominated for decades in the accounting profession in the Republic of Croatia. Out of 80 respondents, 86% have the status of a full-time student, while the remaining 14% are part-time students. A particularly important issue is the question of the experience of the surveyed respondents. The results point to the fact that a significant number of final year students find a job in the profession. In fact, almost 90% of respondents have work experience: 42% of them have experience in accounting jobs while the remaining 48% work in various non-accounting jobs and only 10% have no work experience.

#### 4.2 Research results and discussion

The following is an analysis of the importance of accountants acting in accordance with the fun-

damental principles of professional ethics. Specifically, the Code of Ethics for Professional Accountants establishes the fundamental principles of professional ethics for accountants and provides the conceptual framework that professional accountants will apply in order to: (a) recognize the threats to fundamental principles; (b) assess the importance of identified threats and (c) apply protection where necessary to remove threats or reduce them to an acceptable level (IESBA, 2015)<sup>23</sup>. Table 4 shows the descriptive statistics of answers on the importance of accountants acting in accordance with the fundamental principles of professional ethics. The Code recognizes five fundamental principles of professional ethics. The findings point to the conclusion that future accountants perceive all of the above principles to be of the utmost importance since the most common rating was five, and it corresponds to the view that the principle is extremely important.

**Table 4** *Results of empirical research on the importance of acting in accordance with the fundamental principles of professional ethics for accountants*

Fundamental Principles of Professional Ethics	Minimum	Maximum	Mod	Average
Integrity	1	5	5	4.90
Objectivity	1	5	5	4.85
Professional Competence and Due Care	1	5	5	4.91
Confidentiality	1	5	5	4.94
Professional Behaviour	1	5	5	4.92

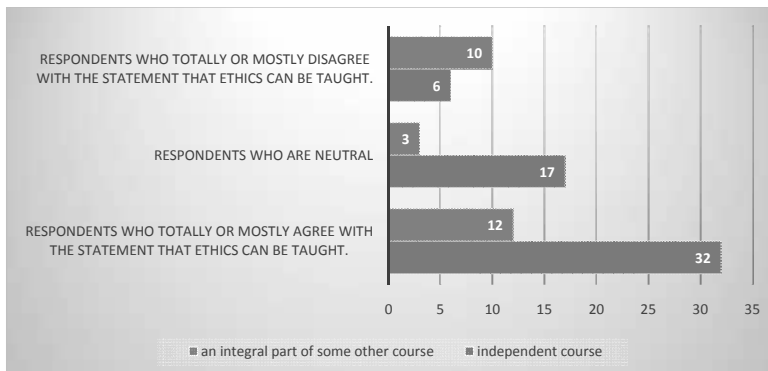
Source: Authors, based on empirical research results

Several issues have been posed in empirical research; whether respondents acknowledge the importance of respecting high ethical standards, how important is ethics to them and whether it is primarily in the domain of the educational programme or the family domain. Respondents have been asked to assess the degree of agreement with the claim that they consider ethics to be extremely important. It is indicative that 79% of respondents state that they fully agree, while 17.5% of respondents generally agree with the statement “ethics is extremely important to me”. Thus, there is no doubt that respondents recognize the significance and importance of acting in accordance with high ethical standards. Future professionals need to be educated about the importance of applying high ethical standards in the business world, but the fact is that upbringing and family values certainly contribute significantly to the development of ethical principles of each individual. In support of the above thesis is the fact that the 64% of respondents completely or mostly agreed with the statement that the acquisition of ethical principles should primarily be in the domain of the family and not in the domain

of educational programmes. On the other hand, only 20% of respondents totally or mostly disagree with the statement that ethics can be learned. Since students consider that they are not sufficiently educated about accounting ethics (over 66% of students are neutral or disagree with the statement that they are sufficiently educated about ethics in the field of accounting), it can be concluded that there is room and need for further education in this area.

In Figure 1 it is possible to see an exploratory analysis of the attitudes of the respondents depending on whether or not they agree with the statement that ethics can be taught and the ways of delivering courses in business ethics. It is important to note that respondents who fully or mainly agree with the statement that ethics can be taught to a greater extent support the view that the same should be studied within a separate course. On the other hand, those students who totally or mostly disagree with the statement that ethics can be taught consider that ethics issues could be an integral part of some other courses (for example organization, financial accounting etc.) within the existing programme.

**Figure 1** Exploratory analysis of the attitudes of the respondents depending on whether or not they agree with the statement that ethics can be taught and the ways of delivering business ethics courses



Source: Authors, based on empirical research results

In order to understand the way of thinking as well as the general ethical attitudes of future accountants, two interconnected groups of questions have been set up. In the first group of questions, the emphasis was on identifying their own attitudes to what extent they considered some unethical actions to be acceptable behaviour (Table 5). The results show that respondents most frequently expressed relatively high level of disagreement with the afore-

mentioned unethical actions especially regarding bribery, falsification of documents for personal gain, etc. In the second group of questions, certain situations were described (adapted from Costa et al., 2016) and respondents were asked to indicate whether or not they agree with the actions of an unethical character (Table 5). These results also confirm the satisfactory level of ethics of future professional accountants.



**Table 5 Attitudes of respondents about unethical actions**

<i>Please indicate to what extent the following statements reflect your views:</i>	1	2	3	4	5	Average score
Driving in public transport without a purchased ticket is acceptable behaviour	44%	19%	34%	0%	3%	2.01
Receiving bribes is acceptable behaviour	91%	7%	2%	0%	0%	1.09
Cheating on exams is acceptable behaviour	55%	18%	21%	5%	1%	1.8
Using sick leave even though we are not sick is acceptable behaviour	61%	20%	15%	4%	0%	1.61
Using company property for private purposes is acceptable behaviour	58%	30%	9%	2%	1%	1.6
Falsification of documents in order to exercise the rights for which we have no real preconditions is acceptable behaviour	85%	10%	2,5%	2,5%	0%	1.23
Falsification of information in the CV in order to get a better job is acceptable behaviour	74%	12%	8%	6%	0%	1.46
Falsification of financial statements to reduce tax liability is acceptable behaviour	85%	8%	3,5%	3,5%	0%	1.26
<i>Please indicate to what extent you agree with the following statements:</i>	1	2	3	4	5	Average score
Granting a loan to a company that does not meet the conditions for obtaining a loan based solely on family connections/friendship	77%	16%	6%	0%	1%	1.34
Sending a request to the buyer to make an additional order at the end of the year to achieve the sales manager bonus	43%	32%	19%	6%	0%	1.89
Sales of products that do not meet the security requirements to earn the sales manager bonus	85%	9%	5%	0%	1%	1.24
The ethical dilemma of whom to fire: Cancellation of the work contract of a competent employee who was recently hired as opposed to an older employee who already has a substantial history of wrongdoing in the company but has health problems	49%	22,5%	22,5%	6%	0%	1.86
Incomplete recording of revenue (e.g. fictitious revenue creation or early records of revenue - revenue records for products and services not delivered)	77%	16%	5%	1%	1%	1.35
Violation of ethical codes and regulations because of the threat of dismissal	70%	15%	9%	4%	2%	1.54
Violation of the obligation to keep a business book committed for personal gain	82%	15%	1%	1%	1%	1.26

Source: Authors, based on empirical research results

Note: 1 – strongly disagree, 5 – strongly agree

One of the aims of the research was to determine whether work experience affects the differences in responses about ethical attitudes of respondents. In order to test whether the work experience of respondents affects their ethical views, the respondents who argued that they completely disagree with the stated statement (each claim was viewed sepa-

rately) were observed, which would mean that the respondents had exceptionally high ethical standards. Respondents were divided into those who had not yet had work experience and those who had been working either in accounting or in another profession until now. To test the statistical significance of differences between responses depending

on work experience, the chi-square test of independence of two variables was performed. The following hypotheses were set:

*Null hypothesis: The work experience of respondents has no influence on their ethical views.*

*Alternative hypothesis: The work experience of respondents affects their ethical views.*

The chi-square test with five degrees of freedom was performed, with Significance of 5% (Table 6).

**Table 6 Results of the chi-square test**

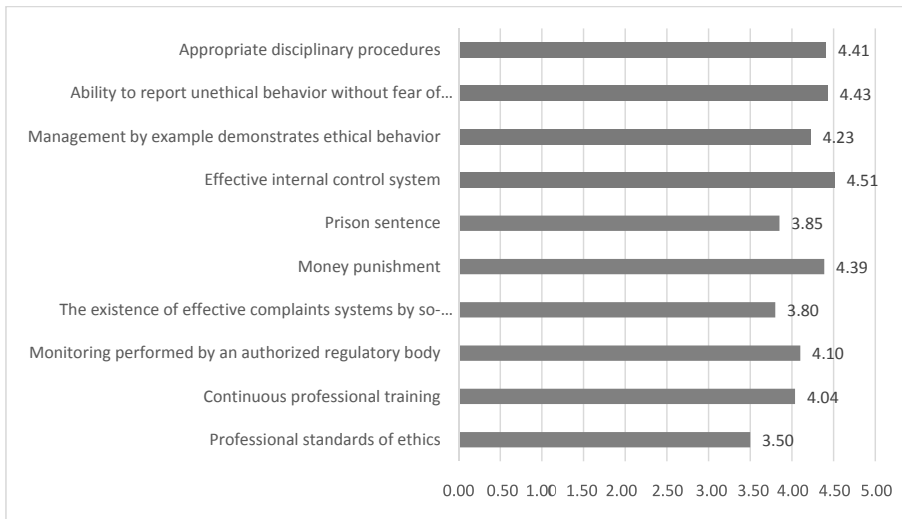
Theoretical values			
Do you have any previous work experience in:	Yes	No	Total
Granting a loan to a company that does not meet the conditions for obtaining a loan based solely on family connections//friendship	53.54331	6.456693	60
Sending a request to the buyer to make an additional order at the end of the year to achieve the sales manager bonus and the ethical dilemma of whom to fire: Cancellation of a work contract of a competent employee who was recently hired as opposed to an older employee who already has a substantial history of wrongdoing in the company but has health problems <sup>24</sup>	66.92913	8.070866	75
Sales of products that do not meet the security requirements to earn the sales manager bonus	59.79003	7.209974	67
Incomplete recording of revenue (e.g. fictitious revenue creation or early records of revenue - revenue records for products and services not delivered)	53.54331	6.456693	60
Violation of ethical codes and regulations due to threats of being dismissed	49.08136	5.918635	55
Violation of the obligation to keep a business book committed for personal gain	57.11286	6.887139	64
<i>Total</i>	340	41	381
Results			
Significance	0.05		
Degrees of freedom	5		
Critical value	11.0705		
Chi-square	4.917246697		
p-Value	0.959175		

Source: Authors, based on empirical research results

The critical value of the test is 11.0705. Since the value of the chi-square is lower than the critical value of the test, i.e. the p-value is greater than 0.05, the hypothesis that the work experience of the respondents does not affect their ethical positions with the significance of 5% is accepted. Although we started with the assumption that work experience should contribute to a higher level of ethicality, the results outlined here are not unexpected since in the analysed sample, almost 90% of respondents have some work experience.

The last group of questions was focused on concrete measures that would, in the respondents' opinion,

prevent the unethical behaviour of the individual. These measures are divided into two groups: the first is at the level of the profession, laws or regulations, and the second comprises measures that are primarily taken at the organization level in the work environment. The results show that our respondents perceive the importance and role of written rules for accountants as a standard of the highest ethical and moral principles. At the same time, they point to the valuable fact that the greatest incentive for ethics in business should come from the work environment by establishing effective internal controls and the ability to report unethical behaviour without fear of dismissal or retaliation.

**Figure 2** Analysis of measures preventing the unethical behaviour of the individual

Source: Authors, based on empirical research results

## 5. Conclusion

Ethical behaviour can be encouraged and promoted through a variety of ways. The paper analysed the role of university education in securing high ethical principles in business, considering the presence of a business ethics course within educational programmes of selected economics and business faculties in the Republic of Croatia and selected European universities. The research results indicate the appropriate representation of the courses in ethics at all levels of study. In addition, empirical research has been carried out in order to identify the ethical attitudes and moral values of a specific population that already is or will soon become part of the business world. The results of the conducted empirical research are encouraging because they indi-

cate that future professional accountants perceive the importance of applying high ethical principles in business. Finally, it should be noted that the results of the survey should be viewed in light of the potential limitations. Namely, the research on the representation of ethics in the curriculum of higher education institutions as well as the analysis of ethical attitudes of respondents could be carried out on a larger sample that would involve accounting students from all the faculties of economics in the Republic of Croatia. In this research respondents were from the largest faculty of economics in our country, therefore, it is to be assumed that the results would not be significantly different if the sample were different.

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- 24 Since less than five respondents who haven't had work experience so far have responded „completely disagree“ with these two statements, they are merged into one.

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## **VAŽNOST ETIKE U OBRAZOVANJU RAČUNOVOĐA**

### **SAŽETAK**

Povjerenje u financijske izvještaje, odnosno prezentirane rezultate poslovanja, od osobite je važnosti pri ocjeni sigurnosti i uspješnosti poslovanja nekog poduzeća. Za pretpostaviti je kako će razina nepovjerenja u prezentirane rezultate poslovanja biti još i veća ako se društvo u kojem poduzeće posluje kvalificira kao neetično ili ono u kojem je uobičajeno da se ne poštuju visoki etički standardi. Jedno od važnih pitanja koja se nameću je i pitanje može li se etika naučiti? Postoje različiti stavovi o navedenoj problematici no ono što sigurno vrijedi jest činjenica da nije naodmet i kroz sustav obrazovanja osigurati edukaciju o važnosti primjene visokih etičkih načela u poslovanju. U radu je postavljeno nekoliko istraživačkih pitanja. Prvo pitanje je u kojoj mjeri se budući profesionalci iz područja ekonomije educiraju o poslovnoj etici kroz sustav njihova visokoškolskog sustava obrazovanja? U tom smislu su analizirani obrazovni programi odabranih ekonomskih fakulteta. Nadalje, zbog važne uloge računovođa u financijskom izvještavanju, kao i zbog činjenice kako postoji sve veća svijest o zahtjevima etičkog ponašanja, glavni cilj ovog rada je ispitati kako budući računovođe percipiraju etiku. Rezultati provedenog empirijskog istraživanja primjenom metode anketnog istraživanja ohrabruju budući da ukazuju na relativno visoku razinu osviještenosti budućih profesionalnih računovođa o važnosti primjene najviših etičkih standarda u poslovanju.

**Gljučne riječi:** etika, obrazovanje, etička načela, računovođe, Republika Hrvatska