

ETHICAL EDUCATION OF ACCOUNTING STUDENTS IN POLAND

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Abstract. In Poland, ethical education of accounting discipline has already gained some attention but still many universities do not offer stand-alone course of ethics for “Finance and Accounting” students. Survey conducted showed that implementing ethics into education might enhance students’ awareness regarding tax avoidance, one of ethical dilemmas connected with accounting profession.

Key words: accounting, accounting ethics, accounting education, teaching ethics, Polish accounting.

Introduction

Ethical issues in accounting practice are of crucial importance. Many aspects of accounting require integrity and honesty of accountants, starting from the phase of organization of accounting system, then when preparing financial statements and delivering data for management purposes. Most of decisions made by accountants will influence future financial position of a company; therefore decisions should be taken with respect to all underlying assumption of financial statements. Since Enron’s collapse in 2002, weaknesses of accounting practices were identified many times in literature and media [1, 2]. Lively debate over white-collars’ crimes together with changes in shareholders versus stakeholders’ orientation of entities has changed the professional nature of accounting discipline over last ten years. It is no more a traditional discipline focusing on competence and knowledge of accounting law. Nowadays, accounting is a profession that raises important questions regarding ethical decision making in a day-to-day business routine. For a long time, Polish accountants were trained mainly in technical aspects of accounting only. Accounting courses curricula included presentation of different valuation techniques disregarding behavioural aspects of choosing different accounting methods and ethical criteria taken into account. Accounting courses failed to

ask important questions about scientific responsibilities and skills required by that discipline.

Socio-economic changes, observed in Poland over the last twenty years, have played an important role in the development of accounting profession. Because entities have started to broaden the business scope to wide range of stakeholders, the increase of importance of management aspects and focus on “soft-skills” can be observed, especially among publicly traded companies[3, 4]. Market economy expansion also implicated the development of economy in Poland, which resulted in many studies concerning wide financial aspects of doing business [5]. One of these aspects is connected with the presentation of financial position and financial performance in financial statements. Financial statements are “products” of accounting and most often are the only source of information for stakeholders. Financial statements provide important data regarding company’s profit (or loss) and financial standing. Disclosures in a financial statement depend on the professionalism of an accountant, especially in the areas where people, who work in accounting departments, make valuations and esteems. White-collar crimes, observed worldwide as well as in Poland, are another factor that has moved accounting discipline from methods derived from accounting law to ethical aspects of accounting profession.

The purpose of this article is to present the changes in the status of ethical education among students of "Finance and Accounting" academic discipline in Poland and to emphasize the importance of ethical education at the university level.

Ethics in accounting discipline

Accounting ethics is a complicated branch of accounting discipline. It aims at helping professionals in decision-making process that includes moral dilemmas. While helping professionals to make decisions, it supports conventional accounting concepts. For it deals with moral dilemmas, it may contradict conventional accounting concepts, at the same time. Ethics in accounting discipline focuses on long-term business compared to short-term effectiveness of business performance. It also requires multidimensional analysis and interdisciplinary studies. Ethical aspects of accounting have to be described with respect of individual vs. social rights and obligations, as well as behavioural aspects of organization, culture diversity, and country or branch distinguishing features.

Because ethics is complicated it should be implemented at every stage of accounting education. In many universities around the world, ethics education is offered as a stand-alone accounting course [6, 7, 8] or implemented into curricula of many accounting courses. In Poland, some ethical aspects of doing business were included into competences of master degree of "Finance and Accounting" faculty graduates [9]. It is not required to include stand-alone course of ethics in accounting during university education. There are two hypotheses tested by conducting this research exercise.

Hypothesis 1: In Poland the majority of accounting faculties do not offer a stand-alone ethics course in accounting.

Ethics education in accounting is completely different in approach, teaching techniques and scope to other accounting courses. To pass an exam at the end of financial or managerial accounting courses, a student is required to get acquainted with the conventional knowledge of different methods of valuation assets and liabilities or calculating margins, profits or return on money invested. In turn, ethics in accounting is increasingly complex and requires historical aspects to be included as well as

different teaching techniques. The purpose of ethics course should include helping future accountants argue with logic and high moral standards embracing global and social awareness.

The complexity of the discipline as well as lack of appropriate literature in the Polish language are the most probable reasons of rare occurrence of accounting ethics' course in universities' curricula. Prominent authors have recommended including ethics into life-long education of accounting professionals [10, 11], so one may expect changes in the future accounting education in Poland.

Hypothesis 2: Implementing ethics into accounting education enhances students' awareness regarding ethical aspects of this profession.

It is not a surprise, there are many publications stressing that even a limited attention towards ethics can enhance students' awareness [12, 13]. Self-reflective debate during ethics course or during financial reporting course can enhance decision-making in the terms of ethical quality. The results of a survey of 398 students are presented. Surveyed graduate students attended "Ethics in Accounting" course in a Polish public university during academic year 2010/2011. Analysis of collected questionnaires aimed at tax avoidance as a very important aspect of accountants' profession in Poland.

Life-long education among Polish accounting practitioners

In 2009, legislation process for certification in accountancy profession was successfully finished in Poland. Four stages of certification process were created. Every stage requires passing an exam that encompasses wide scope of Companies Code as well as fiscal and accounting law. Ethical conduct of accountants is also a subject to certification exams. The purpose of the certification process in Poland was to minimize the amount of people offering accounting services, without the required level of knowledge. Certification process serves accountants who want to gain legal proof of acquired knowledge and is means to continue education throughout professional career.

In 2007, Polish Accounting Association published the Code of Ethical Conduct for Accountants [14]. Over 1.500 accountants and institutions declared complying with the Code till mid-2011. Its aim is to popularize high

standards of accountancy profession among Polish accountants. It states that ethical rules described in the Code can help improve the quality of accounting services rendered by accountants. The Code encompasses booking, financial and management advising, internal control, as well as planning, and tax reporting. According to the Code, accountant is responsible for knowledge updating, competence and integrity. It also defines expectations of appropriate ways of behaving as an accountant. It lists independence from a client, keeping trade and fiscal information secret, as well as high quality of services, honesty and respect.

Code of Ethical Conduct for Accountants is an answer to changes observed among accounting profession in Poland in the last decade. Encompassing ethics into education process of professionals is worth mentioning, although there is no standardized curriculum of that course. Although Polish Accounting Association, along with its many members – professors of accounting – popularizes ethics, not too many universities have already included ethics into accounting education standards.

Description of survey regarding “Finance and Accounting” discipline programmes

A sample of 11 top business schools in Poland was selected for analysis according to a ranking of 35 business schools in Poland in 2011 [15]. Four public universities were added [16, 17, 18, 19] to the sample of 11, based on the criteria of place of work of prominent Polish accounting professors. 14 out of 15 sample schools offered “Finance and Accounting” standardized education program. The analyzed group of 14 top business schools offering “Finance and Accounting” comprised 9 public and 5 private colleges and universities. Among 9 public universities, 5 were top business schools according to the mentioned 2011 ranking.

To find out information regarding occurrence of ethics courses, on-line available lists of required courses in order to gain a degree were analyzed. Although, the requirements for bachelor’s or master’s degree are standardized by Ministry of Science and Higher Education, an option to include some additional courses in education programme exists. Courses offered to students, apart from standards, were not always close to modern accounting discipline. Only 4 [19, 20, 21, 22] out of 9 public universities offered

stand-alone ethics course among other accounting courses. The results for private schools’ survey were different: only 1 [23] private school included ethics into accounting education.

All 4 public universities required ethics course during graduate education programme. The only private school, that teaches ethics, encompassed ethics both into bachelor’s degree and master’s degree programmes.

Hypothesis 1 was accepted. It means, that most of business schools in Poland, in order to follow changes in present accounting, should evaluate their programmes. Since literature that covers ethical aspects of accounting is in shortage in Poland, implementing ethics into accounting curricula will not be a quick process. Preparing handbooks for students and manuals for practitioners requires interdisciplinary and joint efforts of Polish scientists. Because of cultural similarities, joining efforts among Eastern and Central European countries might be an advantage.

“Ethics in accounting” curriculum

“Ethical issues in accounting” course was offered during academic year 2009/2010 for the first time, in one [20] of the four public universities mentioned above, that have encompassed ethical education into “Finance and Accounting” academic discipline. It is offered to graduate students only. Curriculum prepared by the authors planned for 15 direct contact hours with students.

The objectives of ethical education are to teach students how to identify ethical issues and how to handle such issues within a corporate structure. The main objective of the course is to enhance students’ awareness on ethical issues that arise in corporations and to acquaint students with ethical decision-making techniques. Three teaching methods are used: lecture, case studies oriented to students’ self-reflection, and teamwork. Presentation of real life situations helps students understand what happens if an accountant forgets to obey ethical norms. Participation in teamwork makes students compare their opinions and beliefs with other participants’ judgments. Comparing different aspects, which arise as a result of the discussion, is a good way to teach understanding of differences existing among people.

According to surveys conducted in Poland [24] and in the US [25], tax avoidance is a very

important problem that accountants have to face. Since Polish fiscal system is based on self-calculating the amount of tax due, and responsibility for taxes is located in accounting departments in many small and medium enterprises, almost 40% of course is dedicated to moral aspects of tax avoidance. The connection between business success and institutional and moral values is presented during the course. Some attention is called to tax practitioners' aggressiveness, whistle blowing, risk management, accountants' perception of ethical dilemmas, and fair share of tax theory.

Methodology of a questionnaire survey

The survey was conducted among graduate students, among them many practitioners (34%).

Most of them were women (75%) and people below the age of 30 (82%). The youngest respondent was 23 and the oldest one 52 years old. Participation in the survey was voluntary and no remuneration was offered. Using a seven-point Likert scale, respondents were asked to indicate the appropriate number showing their agreement or disagreement with the statement. A score of zero (0) represented strong disagreement with the statement, while a score of seven (7) represented strong agreement. Almost four hundred questionnaires were collected (398 respondents). The below table (Table 1) shows descriptive statistics of responses collected in questionnaires.

Table 1: Descriptive statistics

Statements		Median	Min	Max	Standard deviation	Difference t-Test
Tax avoidance is unethical	Before	5,318	1	7	1,777	-0,3156
	After	5,634	1	7	1,518	
Data and information manipulating in order to avoid taxes is unethical	Before	5,620	1	7	1,688	-0,2569
	After	5,877	1	7	1,341	
Tax avoidance is harmful to enterprises	Before	4,296	1	7	1,916	-0,4916
	After	4,787	1	7	1,727	

Using t-Test for dependent sample ($p < 0,05$), the difference in means between two groups (based on the same sample of subjects who were tested twice: before and after the course of "Ethics in accounting") was measured. T-test showed that there are statistically significant differences between means for two groups analyzed. Results after taking part in ethics course showed bigger awareness to tax avoidance, i.e. more often respondents neglected unethical tax avoidance. Results of the survey stressed that implementing ethics into accounting education enhanced students' awareness regarding ethical aspects of this profession. Hypothesis 2 was accepted. Findings are important because of two aspects. First, it confirms that ethical awareness can be enhanced through ethical course during education process. The aim of the course was neither to admonish nor to tell what to do.

Real-life cases presented during the course were to bring on students to self-reflection about their own moral standards and opinions considering individuals' responsibility for common well-being. Lectures and teamwork were aimed to broaden view of tax avoidance aspects. Students were shown that tax avoidance satisfied short-term requirements of (most often) management only. It is against long-term reputation building because it harms entity's reputation among employees and other contracting parties. During the course, the country of Greece was mentioned, as an example of consequences of disobeying rule of law, i.e. fiscal regulations.

Conclusion

Calls to incorporate ethics into the accounting curriculum have spread the world in the early

years of 21st century. In Poland, academicians and practitioners seem to realize that building a professional accounting community requires appreciating ethical practice. The Code of Ethical Conduct for Accountants has acknowledged that change. Now it is time for the next step: including ethics in the professionals' education programs at every stage of education and at every "Finance and Accounting" faculty. The survey presented in this paper has suggested that minority of Polish business schools incorporated ethics into syllabus so far. The second part of the survey showed that students being trained in fields of ethics would benefit from exposure to life cases regarding tax avoidance.

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