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BUSINESS ETHICS THROUGH THE PRISM OF MORAL DILEMMAS OF THE ACCOUNTING PROFESSION IN MONTENEGRO

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Abstract

Having in mind that many professions in modern business conditions abound in introduction of the code of ethics, International Federation of Accountants (IFAC) has prepared the Code of Ethics for Professional Accountants. Since the collapse of big companies and inadequate reliability ratings of financial statements by major auditing companies, the issue of the quality of the financial statements, which serve as the basis for all business decisions and ultimately direct the development of each company, comes to the fore. The paper aims to show the impact of business ethics, and moral dilemmas to the level of quality of financial reporting. The work is based on the hypothesis that companies with a greater degree of commitment and business ethics have a higher level of quality of the financial statements in respect of those companies which are characterized by a lower level of business commitment. The fulfilment of the set objective of this paper requires its structuring into two parts. The first part will be an overview of the importance of the accounting profession, its ethical dimension and the role it plays in achieving the quality of financial reporting. The second part of the paper concerns practical review of the processed theoretical issues through the example

of neighbouring countries that are at the stage of EU accession or are already full members of the European family.

Keywords: *financial reporting, accounting profession, EU, ethical dimension*

1. INTRODUCTION

Modern economic conditions carry with themselves a number of challenges. One that is imposed in the business environment, which is set against the individual and the corporation regards achieving a balance between ethical behaviour and achieving satisfactory economic performances. The field of business and economics, as a field in which the moral and economic values intertwine, is marked as one of the best areas of moral testing. The foregoing is actually the best set of reasons why today almost all theorists agree that business ethics is an inevitable factor of modern, but also a successful business.

Learning about ethical and moral behaviour should be an integral part of the corporate culture of the company that will contribute to the improvement and enhancement of its strategic advantages. It is therefore not surprising that many professions today persistently strive to introduce and respect the code of ethics and that exactly business ethics is seen as one of the key concepts of modern business. Theory points out that the characteristics of members of the profession are possession of not only certain intellectual abilities, but also adherence to common rules of conduct in providing professional services and the acceptance of commitments to the association, employers and society as a whole with a tendency to harmonize the personal interests with the broader interests of the profession (Stojanovic, R., 2015).

Global trends in the development of the world economy, long present financial crisis, and thus internal latent moral hazard led to the "identity crisis" of the accounting profession as well as to the structural problems within it. Although the application of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requires uniformity the opportunities offered by the standards give freedom to accountants for approximation of the real situation on the financial position and business success. It often happens that given freedom is misused, as evidenced by the numerous accounting scandals from the end of the last century. Professional accounting body IASB¹, or IFAC² adopt, or commit to a consistent application of the Code of Ethics for Professional Accountants, and the core values of integrity, transparency and expertise. The Code of Ethics is a set of rules or a set of norms of moral character, which regulates the conduct of members of certain professions. Professional accountants today provide a variety of services which include high responsibility of the profession to the public and which ultimately led to the creation of the Code of Ethics. Accounting institutes operating in Montenegro are

¹International Accounting Standards Board

²International Federation of Accountants

full or associate members of the IFAC, which in a direct way implies the commitment of its members to adhere to all the principles that are laid down by the International Ethics Standards Board for Accountants.

The paper aims to examine how and to what extent the respect of ethical principles of conduct in the professional work is important in terms of the accounting profession, especially in the creation of reliable financial statements. Since the question of ethics and ethical conduct, the question of moral dilemmas arises in all stages of life, not only personal but also professional, the research that is in the focus of this paper was intended to realize how and to what extent learning about ethics (in society, school, family, etc.) may contribute later to better ethical business judgment. In this paper, the authors put special emphasis on the accounting profession, where as one of the main arguments they state numerous financial scandals that have been incurred by the end of the last century and that exactly have been caused by the unethical conduct of accounting community factors. The authors tried to make this paper more comprehensive, and therefore they had two focus groups: students and professional accountants. The intention was to examine a) perception on ethics at the level of higher education, involving students who have preferences for accounting or accounting profession; b) perception on the ethical conduct of professional accountants, as well as the moral dilemmas they encounter when performing activities. In addition to the research part, the paper will provide an overview of the literature about the problem that is the focus of research, with the aim of setting hypotheses, as well as their later confirmation or refutation.

Finally, one of the main motivators for starting research on this subject is the fact that foreign, and particularly domestic research public does not have paper on this subject. Through this paper, the authors will try to answer some of the questions, to open new ones, but also seek to interest individuals and general public who are close to these issues to initiate a discussion referred to above in the coming period. Finally, we emphasize that numerous foreign literature, but not domestic abounds with researches dealing with the issue of education in the field of general business ethics, but not with specific education in the field of accountant ethics.

2. LITERATURE REVIEW

Ethical theories give individuals and organizations a framework to distinguish good from bad, so they are often defined as "the rules and principles that define good and bad, for any situation" (Andrew Crane, Dirk Matten, 2004). Ethics, as a science that studies the principles of proper, good and moral behaviour refers to "efforts by which it is decided what to do, how to do or how to live" (A.C. Wicks; R. E. Freeman; P. H. Werhane; K. E. Martin, 2010). Some of the most popular theories are certainly descriptive normative theories that are based on the moral evaluation of the consequences caused by a certain decision or business move. On the other hand they take into consideration the moral

judgment and system of values of the person who brings a certain decision, as well as the motivation for making the same. In fact, ethical theories covering the part of the "grey zone" that is not covered by legal provisions, which allow decision-makers to, according to the given situation, self-assess their work or to create their ethical-moral assumptions. Therefore, it is possible to meet different conception of ethics in the literature. For example, Kalacun (2001) defines ethics as the science of moral decisions and behaviour. Griffin (1993, p.90) defines ethics as an individual's personal beliefs regarding right and wrong behaviour. Ethical behaviour is also as behaviour that conforms to generally accepted social norms (Griffin (1993, p.90). Loucks (1987, p.2) further suggests that ethics is seen as something beyond obedience and adherence to the law. It implies an understanding of what is the good, or right, thing to do and of an internal system of beliefs and values that guide those actions. Exactly this definition of business ethics corresponds to the most important mission it has, and that is efficient, effective and morally responsible business decisions making. Taking into account the recent occasions that have caused the global economic crisis and the confidence fall in many companies and its business, it is clear that the moral behaviour of an individual, but also economic organizations have an invaluable importance.

Ethics refers to the moral values and principles that guide action and behaviour (Emerson, 2009). Ethics is a conception of conduct as either right or wrong (Post, Lawrence, & Weber, 1999). Spence and Van Heekeren (2005) conceive of ethics as a set of prescriptive rules, virtues, values, and principles that inform and guide conduct.

Social trends and practice have a significant impact on the formation of ethical standards, which indicates that the ethical norms are also dynamic category, which is in direct correlation with contemporary social movements. This connection actually witnesses the importance of the relationship that exists between theory on the one and practice on the other hand in the process which forms the ethical behaviour.

There are many different definitions of business ethics by various writers and theorists. However, these definitions of business ethics are universal in their understanding of what constitutes business ethics and good ethical practices. According to Twomey and Jennings (2011), business ethics refers to the application of ethics to business practices. Lawrence and Weber (1999) state, business ethics is not a special set of ethical ideas different from ethics in general and applicable only to business. Thus, understanding common practices deemed right and wrong, ethical and unethical, and knowing the laws of a community or society will be enough to apply ethics to a small business venture. Some authors are of the view that the term "business ethics" is questionable, terminologically unacceptable precisely because it brings together two different perspectives: economic and moral. Milton Friedman believes that "the economy is no obligation in the moral sense and that companies have only and exclusively economic responsibility". Kar, Z. A (2001) believes that business ethics is only

"bluffing", or good calculation and that the company's management opts to morally correct procedures only when it has to, in order not to come across a public condemnation, while in other case the moral standards are not binding them, only the law obliges them. On the other hand, some authors state (Šijaković, 2008) that the absence of business ethics, sooner or later, will lead to negative financial and reputational consequences for the company. The present controversy, which every day becomes more significant, and whose "fire" further stir up the daily turbulence on global, regional or national markets, is actually confirmation of the need of the basic and continuous scientific, but also educational treatment of business ethics.

Theoretical approach to the development of business ethics in recent years has focused on the ex-ante reaction instead of the current ex-post approach, with specific attention to the accounting field which is fully justified taking into account the number and intensity of possible frauds that took place in this area of business life. For example, research to better understand the current and future state of the field has been conducted in entrepreneurship (Busentiz et al. 2003), information systems (Holsapple et al. 1993), accounting (Howard and Nikolai 1983), finance (Alexander and Mabry 1994), marketing (Theoharakis and Hirst 2002), and operations management (Vokurka 1996). As scholars gain additional insight and understanding of the business ethics field, they can take an informed approach to holistically understand and solve the challenges facing the field. In that part, Caliyurt&Crowther (2006) believe that ethics education is expected to reduce the level of fraud in the business world by integrating ethics into accounting programs. However, this is not a unique attitude, precisely because there are divided opinions of the authors concerning the above. Some are of the view that education of students in the field of ethics has a positive influence on future ethical reasoning, while others are of the opinion that the ethics is "acquired" and that cannot be taught. The research conducted by Joseph L. Badaracco and Allen Webb was aimed to determine whether the knowledge gained during the training of students who have attended business ethics and were engaged in the research of this issue influenced the later business ethical reasoning. The research involved about 30 students of Harvard Business School, and has shown that students, and later young managers, were constantly under pressure from their superiors to act unethically. By superiors directly or indirectly it was pointed out to them that the result, loyalty, law, etc. is something that should be above ethical behaviour. This research led to the conclusion that learning about ethics should be a continuous process, that should not stop at obtaining an academic degree, and that should be an integral part of corporate culture.

Ethical conflicts and dilemmas "may be either soluble or insoluble and usually occur in situations that include uncertainty" (Kermis, 1987), difficulty or time pressure (Palazzo et al., 2012). "Dilemmas, however, are by definition always insoluble and require a group or individual to choose between two equally balanced alternatives. Typically, when confronting a dilemma one is faced with

the situation of making a choice that requires either rejecting a desirable goal or action, or accepting an undesirable goal, action or consequence. Although value dilemmas are always insoluble, some may be somewhat ameliorated. When ethical dilemmas are clarified, individuals have a better means of examining the level and type of value conflicts they are confronting” (Kermis, 1987)

In fact, when it comes to accountants’ moral thinking, Bean and Bernardi (2007) state that ethics education is essential for certified public accountants, and it must be learned either at college level or professional level ethics courses in accounting. Before all, recognition of the importance of ethics education in business and accounting schools by both faculty members and students is the first step in achieving the targeted goals. Also, the empirical research which was carried out among students in Australia indicates that students are of the view that the education in ethics is very important, so they believe that the same should be incorporated in the accounting syllabuses and courses (Adkins and Radke (2004)).

When professional accountants focus solely on compliance with the rules, they may easily lose sight of the moral implications of their actions and may often use the rules as a justification for unethical behaviour. It is often convenient to confuse what is legal with what is the right thing to do. (p. 90).

Ethical behaviour in auditing or in any other activity is no more than a special application of the general notion of ethical conduct devised by philosophers for men generally. Ethical conduct in auditing draws its justification and basic nature from the general theory of ethics. Thus we are well advised to give some attention to the ideas and reasoning of some of the great philosophers on this subject (Mautz&Sharaf, 1961, p. 232).

The recent blatant violations of the Independent Rule by the world’s largest accounting firm, Arthur Anderson and co, suggest there is a serious gap between what society expects of accountants and what accountants expect of themselves. Unquestionably, the Enron scandal has wreaked more havoc on the accounting profession than any other case in the United States history (http://ijbssnet.com/journals/Vol.202_No._10;_June_2011/29.pdf).

Accounting education, must train leaders of the profession who will be honest, trustworthy and of ultimate personal integrity. The educational process must recognize that ethics is not simply being aware of a code of professional ethics. The development of competent accounting professionals will require approaches that impound the issues raised in this paper. Programs need to be designed that bring the issues and development of personal and professional ethics into the realm of a core competency required of all those entering the accounting profession. The goal for future leadership can only be achieved if both the contextual and personal codes of ethics and their underlying basis are understood. The dilemmas leading to choices must be articulated so that individuals understand that there are consequences to the choices they make – as

individual practitioners, as members of audit teams, or as employees in larger organizations.

Finally, the research which was carried out in the field of consideration of previous experiences gained by performing certain activities, indicates that business ethics should be focused on creating self-regulating mechanisms, and on the correction of previous bad experiences with the unique goal of building a corporate social responsibility (Zadek, 1998).

3. METHODOLOGY

3.1. Research objectives, hypothesis and research period

The aim of this paper is to show the perception of students as well as members of the business community who are close to accounting issues regarding the notion of business ethics as well as its role and importance achieved in terms of the development of the accounting profession and accountants in general, as a protector of the public interest. Through this paper the authors want to consider the ethical dilemmas encountered during accountants' conduct, as well as to realize their behaviour in relation to the users, the profession and the public in the broad sense of the word (external users). Through research conducted in the paper, the authors assume that there is a significant role of the primary but also any other education in terms of conception and design of ethical standards of procedure, as well as the education in these domains may affect the improvement of each profession. Every profession, including accounting assumes respect of certain ethical principles which are the fundamental basis for building trust in the financial system of a particular country. The authors believe that respect for the principles of professional ethics contributes to the protection of the accounting profession from the behaviour of individual accountants and auditors who by their inappropriate actions could undermine the dignity of the profession.

The accounting profession is one of the professions that carry a great responsibility, which is ultimately reflected in the creation of the Code of Ethics. The performance of professional services in an ethical sense implies a commitment to the public interest and absolute respect for basic moral principles with the realization of the set objectives of the accounting profession. The Code of Ethics has the function of stimulating the knowledge, judgment, consideration of the individual case, consideration of professional difficulties and coping with different situations. In order to achieve the objectives of the accounting profession, professional accountants should adhere to a number of prerequisites or fundamental principles, namely: integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, technical standards.

In the context of the above, the authors of the paper endeavoured, taking into account the specificity of the Montenegrin economy, turbulent historical past, a dynamic political turmoil, transition events, as well as the current tendency of entry

into the European Union, to consider the accounting profession from the perspective of ethical dilemmas. This is particularly because it is latent possible to hear opinion, as in academic as in professional circles, by which the accounting profession is not one of the highly ethical profession. This becomes particularly due to the fact that there is no regulatory limit on who can draw up and sign a financial statement and by implication what often happens in practice, to create financial statements according to the requirements and needs of the responsible person within the legal entity.

Thus answers of respondents who were covered by the survey researches, their perception and understanding of ethics and in general accounting profession from the perspective of moral dilemmas will serve as a direction for further action in the specified domain.

The authors conducted the research in the period March - May 2016 namely from two aspects:

- The first aspect for which the authors believe is fundamental and represents a starting point for further research, included the perception of students of Faculty of Economics, University of Montenegro. It is about the students of the second, third and fourth year of the Faculty of Economics who until now had the opportunity to attend a course in accounting;
- The second aspect of the research is related to the perception of ethics and ethical dilemmas, as well as the ethical conduct of professional accountants from the perspective of Montenegrin companies, which by the structure mainly consists of small and medium enterprises.

The questionnaire for students was aimed at recognizing the importance of the general conception of ethics, as well as the perception of the concept of corporate social responsibility and business. Also a special segment of the questionnaire was aimed at recognizing the importance of education in the field of ethics, but also the application of ethical norms and standards in accounting practice.

The questionnaire designed for the companies was made up of three parts. The first general part relates to the characteristics of the company and previous experiences in accounting practice. The second part of the questionnaire relates to the recognition of the importance of ethical education for the purpose of design and application of the Code of Ethics; the third final part of the questionnaire was aimed at collecting accountants and employees data about the existence and applicability of the accounting Code of Ethics in Montenegro, but also the identification of the main objectives which are necessary to be achieved by the successful application of ethical behaviour in accounting practice.

Many international professional accounting organizations recognize the responsibility of the accounting profession, and the role of business ethics is seen as providing ethical guidance to their members, with the aim of better and socially more responsible performing of complex duties conducted by the accounting professionals.

The paper set two hypotheses:

H1: Business ethics has a great influence on proper reasoning of situations concerning the ethical dilemmas of professional accountants;

H2: Primary education in the area of business ethics largely contributes to the socially responsible behaviour of individual and accountants;

3.2. Population and sampling design

The research included 88 persons, professional accountants who are employed in banks, budget institutions, manufacturing / trading companies, insurance organizations, etc. From the analysed companies, 60.2% are classified as small, 24.1% as medium, and 15.7% as large enterprises. In more than half of the analysed companies, the accounting function is organized as a financial accounting function with the constant engagement of no more than three employees. The average age of employees in the accounting service is about 40 years. In 89.3% of cases the head (manager, administrator) of the accounting service have a university degree.

4. RESULTS

Only 34 participants attended the seminar on ethics during their education, and teaching discipline relating to business ethics during university education was offered to 26 of them, Tables 1 and 2.

Table 1

| Was in the curriculum of your faculty discipline relating to business ethics during university education | | | | |
|--|--------------|-----------|--------------|----------------------|
| | | Frequency | % | Accumulated series % |
| Valid | Yes | 26 | 29.5 | 29.5 |
| | No | 49 | 55.7 | 85.2 |
| | Not sure | 13 | 14.8 | 100.0 |
| | Total | 88 | 100.0 | |

Table 2

| Have you ever attended a seminar on ethics during their education? | | | | | |
|--|--------------|--------------|-------------|--------------|----------------------|
| | | Frequency | % | Valid % | Accumulated series % |
| Valid | Yes | 34 | 38.6 | 39.1 | 39.1 |
| | No | 42 | 47.7 | 48.3 | 87.4 |
| | Not sure | 11 | 12.5 | 12.6 | 100.0 |
| | Total | 87 | 98.9 | 100.0 | |
| Missing | 1 | 1.1 | | | |
| Total | 88 | 100.0 | | | |

The respondents who did not, in the context of university education, have teaching disciplines of business ethics provided by the curriculum, greatly emphasized (87.75%) that they would attend classes on the subject Ethics, if it had been offered to them as an elective course at the Faculty. Those who attended the course on Ethics dominantly (77.78%) believe that it helps them in dealing with the moral and ethical issues facing the accounting profession and the business community as a whole. The survey results indicate a general interest of companies in ethical issues and dilemmas, as well as in creation and possession of the companies' Code of Ethics. Also, about 54% of the respondents believe that the Code of Ethics of the company is respected and fully implemented and that their company has a strong ethical basis for making appropriate decisions.

To make an inference about the acceptance of the hypothesis of whether there is a correlation between the ethical basis for the adoption of relevant decisions of the company and the possibilities of establishing the boundary that defines morality in business of managers/employees, testing was conducted using the chi-square test with borderline significance of 5%. Table 3 shows data of double statistical table in which sublimated answers to the following two survey questions are shown.

Table 3

| | | Did you as a manager / employee able to determine the boundary that determines whether something is in the business of moral or not? | | | Total |
|--|----------|--|----|----------|-------|
| | | Yes | No | Not sure | |
| The company to which I belong has a strong ethical basis for making appropriate decisions? | Yes | 44 | 0 | 2 | 46 |
| | No | 13 | 1 | 4 | 18 |
| | Not sure | 10 | 2 | 8 | 20 |
| Total | | 67 | 3 | 14 | 84 |

The data presented in Table 3 shows that 44 of the respondents believe that their company has a strong ethical basis for making appropriate decisions and that they are as a manager/employee able to establish the boundary that determines whether something is moral or not in business? The testing results of independence between the ethical basis for making appropriate decisions of the company and the possibilities of establishing the boundary of morality determination in business of managers/employees are shown by the chi-square test in Table 4.

Table 4

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|---|---------------------|----|-----------------------|
| Pearson Chi-Square | 15.906 ^a | 1 | .000 |
| Continuity Correction^b | 13.804 | 1 | .000 |
| Likelihood Ratio | 17.183 | 1 | .000 |
| N of Valid Cases | 84 | | |
| a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.69. | | | |
| b. Computed only for a 2x2 table | | | |

According to the test results shown in Table 4 it can be seen that the empirical significance of the chi-square test is $\alpha^*=0.000 \Rightarrow \alpha^* < 5\%$, so it brings to the conclusion about the dependence of the ethical basis for making appropriate decisions of the company and the possibilities of establishing the boundary of morality determination in business of managers/employees, which supports proving the hypothesis H1.

Almost 77% of the respondents answered that they behave the same way when making decisions in their private lives as well as in decision-making in a company or other business environment. With regard to the assessment of the ethics importance in the business community, the education system, personal or business decision-making, the respondents gave the following assessment:

Table 5

| How important is the respect of ethics in the business community? | | | | |
|---|--------------|-----------|--------------|--------------------|
| | | Frequency | Percent | Cumulative Percent |
| Valid | 2.00 | 2 | 2.3 | 2.3 |
| | 3.00 | 5 | 5.7 | 8.0 |
| | 4.00 | 21 | 23.9 | 31.8 |
| | 5.00 | 60 | 68.2 | 100.0 |
| | Total | 88 | 100.0 | |

Table 6

| How important is business ethics in education system? | | | | |
|---|--------------|-----------|--------------|--------------------|
| | | Frequency | Percent | Cumulative Percent |
| Valid | 2.00 | 2 | 2.3 | 2.3 |
| | 3.00 | 12 | 13.6 | 15.9 |
| | 4.00 | 17 | 19.3 | 35.2 |
| | 5.00 | 57 | 64.8 | 100.0 |
| | Total | 88 | 100.0 | |

Table 7

| How significant is, in the personal decision making process, respecting of ethical rules and norms? | | | | |
|---|--------------|-----------|--------------|--------------------|
| | | Frequency | Percent | Cumulative Percent |
| Valid | 2.00 | 1 | 1.1 | 1.1 |
| | 3.00 | 5 | 5.7 | 6.9 |
| | 4.00 | 13 | 14.8 | 21.8 |
| | 5.00 | 68 | 77.3 | 100.0 |
| | Total | 87 | 98.9 | |
| Missing | | 1 | 1.1 | |
| Total | | 88 | 100.0 | |

Table 8

| How important for you is ethical behaviour in case of decisions making at the workplace? | | | | |
|--|--------------|-----------|--------------|--------------------|
| | | Frequency | Percent | Cumulative Percent |
| Valid | 3.00 | 4 | 4.5 | 4.5 |
| | 4.00 | 21 | 23.9 | 28.4 |
| | 5.00 | 63 | 71.6 | 100.0 |
| | Total | 88 | 100.0 | |

Table 9

| Statistics | | | | | |
|---------------|---------|---|---|---|--|
| | | How important is the respect of ethics in the business community? | How important ethics in the education system? | How significant is, in the personal decision making process, respecting of ethical rules and norms? | Rate the importance of ethics - How important for you is ethical behaviour in case of decisions making at the workplace? |
| N | Valid | 88 | 88 | 87 | 88 |
| | Missing | 0 | 0 | 1 | 0 |
| Mean | | 4.5795 | 4.4659 | 4.7011 | 4.6705 |
| Median | | 5.0000 | 5.0000 | 5.0000 | 5.0000 |

Looking over the average grades of ethics evaluation in the aforementioned aspects of life and work, it can be concluded that the respondents gave approximately the same average grades of the ethics importance in the business community, the education system, personal or business decision-making, 4.6; 4.5; 4.7 and 4.7; respectively, or 50% of the respondents gave grade 5 to the importance of ethics in all four mentioned segments. Over 70% of the respondents were familiar with the existence of the Code of Ethics for Professional Accountants. However, only 36% of them know the content of the Code of Ethics for Professional Accountants very well. For most of them, it is very important to respect the principal of the Code of Ethics for the accounting

profession and 93% of them adhere to the principles of the Code of Ethics for Professional Accountants while performing accounting tasks, completely or partially.

Only 10.2% of the respondents believe that the accounting profession is free and independent profession, relieved of pressures, Figure 1.

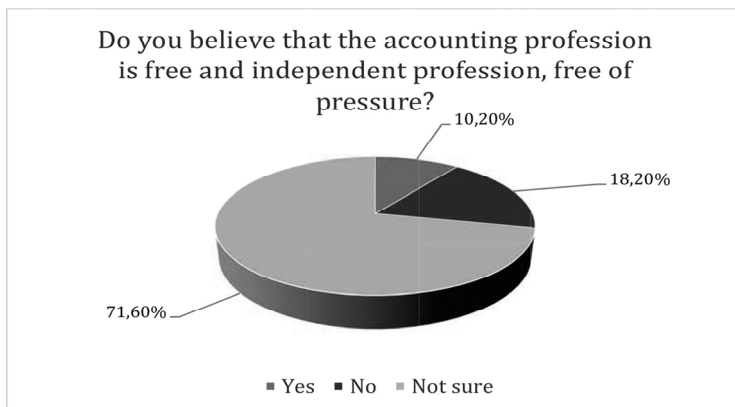


Figure 1

For the improvement of the accounting profession the respondents assessed the importance of each of the five proposed goals of the education process for the development of the accounting profession, Table 10.

Table 10

| Statistics | | | | | | |
|---------------|---------|---|---|---|--|---|
| | | Education in the field of ethics makes the acquisition of knowledge for the improvement of the accounting practice? | Applying ethical standards helps to resolve accounting issues that have ethical implications (dilemma)? | Education in the field of ethics helps the development of ethical / moral responsibility with the accountant? | Ethical education helps development of competences required to resolve conflicts or dilemmas that may arise in the field of accounting profession? | Through continuous development and improvement of the educational framework in the field of ethics, contributes the establishment of conditions to mitigate or eliminate the identified deficiencies ethical behavior of accountants? |
| N | Valid | 88 | 88 | 88 | 88 | 88 |
| | Missing | 0 | 0 | 0 | 0 | 0 |
| Mean | | 4.1818 | 4.2727 | 4.3409 | 4.3636 | 4.4545 |
| Median | | 4.0000 | 4.0000 | 5.0000 | 5.0000 | 5.0000 |

To improve the accounting profession through the process of education the most important objectives for 50% of the respondents are: education in the field of ethics helps to develop ethical/moral responsibility among accountants, ethical education helps to develop the capacity necessary to resolve conflicts or dilemmas that may arise in the field of accounting profession, and continuous

development and improvement of the educational framework in the field of ethics contributes to the establishment of conditions to mitigate or eliminate the identified deficiencies in ethical behaviour of accountants.

For the purposes of proving the hypothesis H2: Primary education in the area of business ethics greatly contributes to the socially responsible behaviour of individuals and accountants, the research was also conducted on a sample of students (n = 82). The respondents were students of the II, III and IV year of the Faculty, with the following participation: 15.9, 29.3 and 54.9%. These are mostly students who do not have experience in voluntary work and who have not attended the seminar on ethics during their education. 15% of the surveyed students have the information about the existence of teaching discipline relating to the business ethics at their faculty, while 60.3% of students would attend classes on the subject Ethics, if it had been offered to them as an elective course at Faculty. Even 86.1% of students believe that the existence of ethics in the curriculum can help students in solving moral and ethical issues they face in their private lives as well as in the business world in general, and for the majority of them business ethics is a necessary course for university education.

Table 11

| Do you believe that the existence of ethics in the curriculum can help students in solving moral and ethical issues faced in their private lives as well as in the business world? | | | | | |
|---|----------|-----------|--------------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Yes | 68 | 77.3 | 86.1 | 86.1 |
| | No | 1 | 1.1 | 1.3 | 87.3 |
| | Not sure | 10 | 11.4 | 12.7 | 100.0 |
| | Total | 79 | 89.8 | 100.0 | |
| Missing | | 9 | 10.2 | | |
| Total | | 88 | 100.0 | | |

The need of primary education in the area of business ethics of individuals and accountants is supported by the data presented in the following table.

Table 12

| | | Did you as a manager / employee able to determine the boundary that determines whether something within the business is moral or not? | | | Total |
|---|----------|--|----------|-----------|--------------|
| | | Yes | No | Not sure | |
| Have you ever attended a seminar on ethics during their education? | Yes | 31 | 0 | 3 | 34 |
| | No | 28 | 3 | 9 | 40 |
| | Not sure | 9 | 0 | 1 | 10 |
| Total | | 68 | 3 | 13 | 84 |

Out of 34 accountants who have attended a seminar on ethics during their education, 31 of them believe that as a manager/employee they are able to establish the boundary that determines whether something is moral or not in business. Similarly, out of 26 of them who had the teaching discipline offer relating to business ethics, 24 are able as a manager/employee to establish the boundary that determines whether something is moral or not in business.

Table 13

| | | Did you as a manager / employee able to determine the boundary that determines whether something within the business is moral or not? | | | Total |
|--|----------|---|----|----------|-------|
| | | Yes | No | Not sure | |
| Was in the curriculum of your faculty discipline relating to business ethics during university education | Yes | 24 | 0 | 2 | 26 |
| | No | 35 | 2 | 9 | 46 |
| | Not sure | 9 | 1 | 3 | 13 |
| Total | | 68 | 3 | 14 | 85 |

5. CONCLUSIONS AND RECCOMENDATIONS

The research results conclusively indicate that the importance of education is set to the highest level, and that respondents identify education as a very important factor for the appropriate professional and career development. Also, there is a large "gap" in the educational sense, which is reflected in the fact that a significant number of the respondents did not attend a seminar / program on ethics during their university education. On the other hand, there is a high interest in attending the programs in the field of ethics, especially among those respondents who have not attended these programs. Just pointed suggests the need for organizing seminars or the teaching discipline offer in the field of ethics, because the respondents recognize the importance and value that these seminars / programs could bring to them. This view is further confirmed by the attitude of the respondents expressed in a high percentage (77.78%) that education in the field of ethics helps them in solving moral and ethical issues facing the accounting profession and the business community as a whole.

As the most important objectives in the field of education, the respondents identified: education in the field of ethics helps to develop ethical/moral responsibility among accountants, ethical education helps to develop the capacity necessary to resolve conflicts or dilemmas that may arise in the field of accounting profession, which confirms the hypothesis that business ethics has a great influence on moral reasoning among accountants. Also, by the research processing it was concluded that in companies in Montenegro that have established the Code of Ethics, the same is substantially (54% of the respondents)

respected and fully implemented and that their company has a strong ethical basis for making appropriate decisions.

Accounting professionals are greatly familiar (over 70% of the respondents) with the existence of the Code of Ethics for Professional Accountants, but only 36% of them are familiar with its contents. For most of them it is very important to respect the principals of the Code of Ethics for the accounting profession and 93% of them adhere to the principles of the Code of Ethics for Professional Accountants.

By this research, the authors confirmed the set hypotheses about the correlation that exists between the primary education in the field of ethics, business ethics and professional conduct of accountants. Also encouraging is the fact that, according to the nature of the business, the respondents expressed affirmatively to further education strengthening in the field of business ethics, so that the recommendations of the authors are in favour of the above statement. However, on the other hand, worrisome is the respondents' view that the accounting profession is subject to pressure, and that is not an independent profession. In this segment, the authors are of the view that the academic community and especially professional accounting bodies, through continuing education seminars, should further familiarize holders of the accounting profession with the Code of Ethics for Professional Accountants to incorporate the same in their culture behaviour. Only in this way, among other things, it is possible to build a reliable financial reporting system and restore confidence in the shaken accounting profession as well as in the primary role of the information contained in the financial statements.

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POSLOVNA ETIKA KROZ PRIZMU MORALNIH DILEMA U RAČUNOVODSTVENOJ STRUCI U CRNOJ GORI

Sažetak

Mnoga zanimanja u modernom poslovnom okruženju masovno uvode etički kodeks- Zato je Međunarodna udruga ovlaštenih računovođa (IFAC) sastavila Etički kodeks za ovlaštene računovođe. Problem kvalitete financijskih izvješća došao je u središte pažnje nakon kolapsa velikih tvrtki i loših ocjena pouzdanosti financijskih izvješća velikih procjeniteljskih tvrtki. U ovom radu nastojat će se prikazati utjecaj poslovne etike i moralnih dilema na kvalitetu financijskog izvještavanja. Rad se temelji na hipotezi da tvrtke s većim stupnjem predanosti i poslovne etike imaju kvalitetnije financijske izvještaje u odnosu prema tvrtkama za koje je procijenjeno da imaju nižu poslovnu predanost. Kako bismo ostvarili zadani cilj, rad smo podijelili u dva dijela. U prvom dijelu daje se pregled važnosti računovodstva kao zanimanja, njegove etičke dimenzije i uloge koju ima u postizanju kvalitete financijskog izvještavanja. Drugi dio sadrži praktični pregled obrađenih teorijskih problema na primjeru susjednih zemalja koje su u fazi primanja u Europsku uniju ili su već njezini punopravni članovi.

Ključne riječi: financijsko izvještavanje, računovodstvo kao zanimanje, EZ, etička dimenzija.

JEL klasifikacija: M41; M14

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