

Professional ethics in accounting and auditing: A necessity or choice

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Abstract

Ethics is an inclusive subject that covers all aspects of human's life. The ever-increasing development of human communities and further complexity of social relations and ties create new requirements. Emerging of various professions is the consequence of effort to meet these needs which form over the time and change in circumstances and gradually pass through path of development and evolution. Due to necessity of work division and expert nature of affairs, these professions are more consolidated every day and play their role in improving public welfare for communities. Survival of any profession and employment is subjected to type and quality of services that it presents and credit and trust, which are acquired as a result of giving such services. This credit and confidence is the main capital for any profession and it crucially important to maintain them. This requires any profession and its members to serve the community as their main task and goal and to pursue and interpret their personal benefits only within the framework of giving these services. Although, it is a long time that accounting professional communities in several countries have codified professional conduct code in order to protect from public properties and requiring accountants to observe professional ethics, it seems that professional conduct code could not solely solve the existing problems and so far professional accounting scandals occur throughout the world.

Keywords: Accounting, Ethics, Profession, Professional Ethics, Fundamental Principles

Introduction

In line with development and creation of value in the society, accounting profession requires properly practice and ethics, especially because of this fact that accountants' services are presented to the public fur-

ther. Thus, accountants shall observe a group of ethical principles. Ethics in accounting make it necessary for accountants to possess professional knowledge and skills at level of the task which they intend to do it so that to be able to present the efficient and effective services to their employers and customers. Unfortunately, we still live in a world in which substance of ethics has not been yet perceived that it means developing correlation with other humans. It has not been found that ethics is exclusively the interested subject and concern for all humans and hegemony of any superman is not hidden behind it. Unfortunately in our country, discussion about accounting may delight a group of people; from their view if accounting is not ethical subject then it is not considered as real accounting so it is counted as a lie. Major scandals in some leading enterprises like Enron and World.com put ethics as the agenda for accounting practitioners for which for several years accountants were committing window-dressing; they managed so-called returns; they gave improper information about costs; they exaggerated about revenues and ignored misuse from funds of businesses and presented misleading financial statements and made it possible to conduct transaction with reliance on hidden deals by receiving bribes and allocation of huge bonuses. Any civilized community that is founded on ethical values will decline regardless of ethics of civilization. Observance of ethical rules by businesses may improve public trust on their goods and services. Ethics should be trained. People are not born with tendency to become ethical and observing rights of other people and social welfare. In this way, accounting communities may train ethical disciplines and also require their members to observe them. At least during 25 previous years, Iranian Accounting Community has always relied on the late *Dr. Mostafa Ali Madad* (1936-2012) as an exemplar in ethical accounting and shown him as a sample and model to young accountants. In the corrupted business climate of Iran, Mr. Ali Madad was no so anxious to say: "I could not do

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all the work alone, but I should not be ignoring what I can do.” He was too brave to say no; he was courageous enough to confront with the reality. He sought for doing what he discerned as right. As a result, despite of all adverse environmental conditions, he remained absolutely abide by his ethical principles and disciplines and he did not pursue this way that he might follow up the current trend of community with the pretext that all areas in this business were corrupted and he did not leave away his right principles even less to violate from them. In a community where fulfilling a task is considered as a virtuous act, Mr. Ali Madad sought for doing his duty without any expectation. Death of Dr. Ali Madad was a mournful pain for the accountants and it created a deep sorrow among accounting community of Iran and all of these are not only for the sake of tens of his valuable accounting books neither for a mass group of his students and nor his unique share in construction of University in Baluchistan (southern Iran) and this reality that he tried to realize it and he devoted several years of his life for the given university, but it was due to his premium status in fulfillment of his obligations and feeling of responsibility versus this country and Iranians in the field of accounting. Above all, Dr. Mostafa Ali Madad was an ethical accountant that had tied his love to Iran and improvement of Iran’s position with his obligations and responsibilities versus accounting knowledge.

Nature of Accounting Profession

Accounting is invented by human and a result of human agreements. To define accounting, it can be implied that it is a group of rules and methods that are classified by their application and financial and economic information and summarized in the form of accounting reports and statements and put at disposal of the interested persons and beneficiaries. These individuals may be informed about fiscal status, results of operation as well as the future outlook of the given institution. The first and original goal of accounting is to present information about economic activities of a person or an organization. At first, only one person namely an owner of economic enterprise might need to this information but after becoming more complex and systematic trend of economy, number of the persons and users of financial statements that needed to these reports and agents of production and distribution of information was increased; therefore, role of accountant was changed to presentation of beneficent information about economic activities into several groups, who had legal right to know organizational activities. The real image of those activities is what the accountant is obliged to

present them and those groups might claim for. Today, accountants including employees in public and private enterprises, as the owners of a social reputed profession, should obey public ethical principles, rules, regulations, and norms of community in such a way that to add to good reputation and fame of accounting profession. In addition to possession of ethical virtues and well morality and individual behavior in a professional account, the professional accountant should observe professional conduct codes of professional accountants in doing his/her occupational tasks that it has been stipulated by the relevant audit institutions.

Definition of Ethics

There are several definitions from ethics. Ethics is plural form of word that means mood and temperament. Mood (*Kholgh*, plural: *Akhlagh*) stands for habit and conduct. Several synonymous terms have been expressed in Dehkhoda Thesaurus. The English equivalent term that has been mentioned in Webster Dictionary means study on proper and erroneous ways on human’s behavior. Likewise, the Prof Morteza Motahari in his book, called “*Practical Wisdom*”, introduced term “*Ethics*” as knowledge of life or the science of how to live and he divided it into two branches of *how to be* and *how to behave* by adding that how to behave is related to actions and deeds (including speech) while how to be, might influence in moods and substances of behavior on way of temperaments and states and the moods in relation to quality of human’s existence. Ethics seeks for finding principles and rules that employing them results in goodness and salvation for human. Whereas the main objective of arising of Islamic Holy Prophet was purification of one’s existence and training of humans and developing well morality so it can be said that divine verses (Quran) and signs are deemed as an introduction to subject of purity of soul and training of humans that contain the main goal in ethics. Professional ethics is one of its elements and it includes good rules and methods, which are adapted in a profession.

Accounting and Ethics

In today advanced economic world, accounting is a vital profession since the current economic system could not exist without this element. It is a technique and practice in accounting profession that has been formulated to contribute to individuals in order to track the effect of their economic transactions. The sense of accountability to the public is the paramount distinctive feature of accounting profession with other occu-

pations. There are many expectations in this filed by people and society from providers of these services and people should trust in quality of the presented services by accountants and auditors. Thus, the presented information by accountants should be noticeably effective, reliable, real, and objective. Therefore, accountants not only should be qualified and with professional competencies, but also they should be benefitted from professional sincerity and integrity so professional repute and honor are some of foremost properties for them. As a result, accounting ethics is very important for professional accountants and individuals, who rely on accounting services. But, at the same time this trust and confidence may be maintained in respective of accounting profession when professional accountants give their services at the level which duly deserves social trust. Thus, accountants should present their services in such a way that to they are given at the highest possible quality and by observance of regulations that guarantee continuous services with appropriate quality (Duska R.F, Duska, B.S, 2003).

Ethics is a broad based subject that covers all aspects of human's life. Ever- increasing development of human communities and their more complicated social relations and ties may create new needs. Emergence of several professions is the result of attempt to meet these requirements that form over the time and changing the conditions and gradually pass through the path development and evolution. Due to necessity of work division and expert nature of affairs, these professions become more integrated every day and play their role in improving public welfare for communities.

Review of literature

The earliest ethical studies have been mainly conducted based on Kohlberg's perceptual- ethical model. This model is affected by Piaget's theory combines ethical psychology with perceptual psychology and presented six steps of perceptual growth, which indicate the individual's perceptual and ethical promotion like ladders steps at three levels. Kohlberg expresses that ethical judgment skills may be developed in various persons at different ratios. Pursuant to Kohlberg's study, another thinker called James Rest presented testing method for definition of these subjects where this test is used as a tool for evaluation of ethical development level in individuals. Rest's theory is based in a questionnaire which is marked by respondents and it can be statistically analyzed and obtain some scores (i.e. P) that show rate of ethical growth in any person. Due to its

quantitative nature and ease of use, this inventory has been adapted in many accounting ethics studies.

In an investigation, Toronto (2000) examined the assumed validity of Kohlberg's triple criteria model which consists of theoretical basis for testing of definition of these topics. The results of this study showed that validity of these assumptions is challenged so ethical studies in accounting should be again repeated since the existing linear relationship among lower scores of testing subject definition and the professional behavior of accountants that were purposed in the previous studies are invalid.

Forest typically deems Kohlberg's attitude as sophisticated and based on improper reasoning and he declares that this model is based on a philosophical approach not scientific attitude to analyze ethical behavior. Forest argued that the scientific method is the most preferred technique for evaluation of behavior. He states **that regardless of ethics, individuals may take some mood that in some way effects on their judgment.** In Forest's model, which is the infrastructure for ethical position questionnaire, it is maximally focused on a perfect psychometric criterion for measurement of ethical behavior instead of seeking for ethical development level in individuals. He maintains that since this model focuses on ethical judgment by adults so it is much useful than Kohlberg's model. This claim has been proved in the next conducted studies, which have been done based on ethical situation.

Forest divided individuals' ethical philosophy into two classes of relativist and idealist. Relativism is an ethical philosophy based on its view there is no universal system of ethical rules and criteria. The relativists believed that conditions, situations, and also individuals involve in determining ethical and or non- ethical nature of a decision and any behavior may be considered as ethical or immoral under different circumstances. Idealism is another ethical philosophy in which human's welfare is placed at the turning point of decisions. The persons with higher levels of idealism claim that it should always act in such a way that no loss or damage inflict to anyone. Those who are lesser idealists argue that it is not possible to avoid from incurrence of damage and loss to others under all conditions. Thus, good deed should be done every time even though it may inflict damage or loss to some other people. With respect to these explanations and in order to understand the above issues better, in the following we describe ethics. Then, role of ethics is interpreted in accounting profession and ethical problems.

Professional Ethics

Term of *professional ethics* became popular and known as one of the properties of human and intellectual capitals in any community or organization since 18th and 19th AD within political, economic, and social literature among western authors. Professional ethics is a type of moral obligation and work consciousness toward any variety of work, duty, and responsibility. During recent decades, the concept of professional ethics has been noticed further by Iranian organizations.

In other words, it is “*have to*” and “*have not to*” subjects that personnel of an organization (community) shall observe for realization of all occupational quantitative and qualitative conditions for which they have been obligated and their symbol is honesty in behavior, speech, and practice. Observance of professional ethics causes giving continuous professional services to the community and fulfillment of its disciplines leads a profession to continue its advancement and to become accepted by the public.

Thus, if we also intend to preserve validity of accounting and auditing profession for the future so we should always try to maintain and improve public trust in this profession by considering the interests for all and we should make every effort in this path since if we ignore our right in benefitting from social ethical appropriate status eventually no suitable fate will be predictable for the given profession.

Gharamaleki considers today performance as tomorrow market and expresses that professional ethics has been presented to optimize today performance so that to guarantee market in tomorrow. He claims that professional ethics is intended to fulfill the organizational ethical responsibilities against environmental rights. Thus, he considered an organization as ethical that it recognizes environmental rights and observes them by knowing that to which individuals and institutions this organization is responsible for and what priority may exist in respective of these persons and entities.

Ethics from Islamic view

Religion (in Islamic case) is a group of beliefs and practical orders, which have been presented by World Creator according to claim of their provider and followers about these ideas and recommendations (Islamic prophet and Muslims). If we consider the ethics as some teachings that duly draw the way and conduct of living, then some *shall* and *shall-not* value cases appear that govern on human's behavior; as a result, we

will find well the interrelated connection among religion and ethics and consider ethics as an integrated part of religion. Subject of ethics and moral purity is crucially important in Islam so that moral training, purification of human's soul and growth and guidance of community are the goals of descending Quran while moral characteristics are deemed as criterion for human's value for which in the position of praising and admiration of God's prophets, it exalts them for possessing godly ethical attributes. For example, Quran had praised Prophet Abraham (PBUH) for possessing three honorable supreme ethical features, stating that:

“... *Most surely Ibrahim was very tender-hearted forbearing*”. (9: 114 Immunity)

Also, Holy Quran states about Islamic holy prophet that:

“*And most surely you conform (yourself) to sublime morality*” (68:04 Al-Qalam)

It is enough about importance of morality and purity of soul that Holy Quran expresses his good morality as the key of holy prophet's (PBUH) achievement in fulfillment of his divine mission and spreading God's Unity belief and implies:

“*Thus it is due to mercy from Allah that you deal with them gently, and had you been rough, hard hearted, they would certainly have dispersed from around you ...*” (3: 159 Family of Imran)

We may find well it through pondering into Islamic traditions and life (biography) of Innocent Imams (PBUT) this point that all aspects of life in all aforementioned grand figures have been the symbol of realizing ethical features and human's precious characteristics and divinely morality came to the climax in behavior and existence of them so they heralded for piety and human good virtues and morality.

Given that human is a creature with free will, which should deliberately and freely rise for implementation of divine orders but such a movement may not be fulfilled by issuing rigid rules and exertion of power and force but in turn the needed motive should be created in human so that human can try in this course free of any sense of pressure and stress. This motive creates by belief and ethics and it is strengthened while divine rules are executed along with moral values. Therefore, moral values will guard religion and guarantee enforcing these rules. It is a matter of fact that as the witness of today individual and social problems in protests and demonstrations that were staged against capitalism system and objective sample in Occupation Wall Street Movement and other European countries, all these occurred because of downplaying the role of ethics in modern world. Thus,

it is onus on all members and particularly practitioners in this profession to try for training ethical original values and to return to the system of religion and ethics and avoid from moral vicious acts in order to prepare the ground for their maintenance and progress and for community and this profession.

Professional Ethics Growth and Development

The rate of development and growth of professional ethics depends on the amount of successful performance of professional ethics as well as its flexibility. The more professional ethics is observed, the higher level of commitment to its principles will exist. At the same time, the more logic constraints are exerted by the professional ethics with more effective organizational development, the stronger commitment will be taken for them. The main factor for growth and development of these principles in certain profession is the cumulative integration. Cumulative integration is also affected by some other factors, of course. Some researchers argue that occupational satisfaction may increase creating commitment to ethical principles in the profession; however, it should be claimed that job dissatisfaction is versus occupational satisfaction. Job dissatisfaction may also lead to formation of a type of professional ethical principles. Communication and giving information to members about the latest related news and focus on financial disambiguation as well as determining the relationship with other public and non- governmental organizations and admission of group's decisions that were made anonymously by the majority and most importantly providing the needed grounds for fair competition and new markets could be useful in developing professional ethical conduct.

Status of ethics and its role in advancement of accounting and auditing profession

As a general and modern concept, accounting reflects the position and effects of social activities and auditing results that play essential role as supervisory arm and the position of this profession should be identified in classification and social valuation proportional to the given role. The ultimate goal in accounting and auditing is definitely providing the trustable information requirements for users where due to the emerged transformations in political, economic, and social structure, international and managerial trading relations that form accounting context will still remain unchanged. Since equity (justice) causes social calmness so it requires deliberative judgment to administer justice and attentive

judgment needs to efficient, useful, and uniform tool where accounting is one of these tools. Assumptions, limitations, and constraints are the infrastructure for accounting principles and rules as operational tools so that acceptance, selection, or admission of assumptions and the aforesaid bases are subjected to the presence of moral virtues and employing them toward the common and final goal of accounting. Role, duty, and responsibility of accountants and auditors against community require them to observe ethical principles in all aspects and to be loyal to an integrated professional conduct code in order to acquire social admission, repute, and respect that are necessary for activity in any expert profession. Since accounting and auditing profession is related to one of the most crucial relevant issues to community members i.e. individuals' properties and assets so trust may play essential role in developing accounting and auditing profession. For this reason, professional conduct code and commitment to it is a very important fundamental factor on which duration and survival of the given profession extremely depends and community pays special attention to this factor.

Bases of professional conduct

Compared to other occupational groups, accountant show lesser commitment to ethical principles since they may imagine that accounting is a technical activity and it is not related to ethical principles. Accounting training system more negatively effects on formation of moral tendencies among students. Anyway, rather than concern about accountants, great attention is paid to changing nature of accounting profession whether in specialized form or in general since according to Modick (1987), overall people's trust in each other has reduced while Brose (1996) argues that age of respect has passed and people are no longer ready to accept talks of power owners.

In his investigation, Larsen (1987) refers to some of surveys based on which 30-40% of the conducted accounting operations were under standard level in USA.

Michel and Sika (1993) claim that today professional accounting is non- profitable occupation that is used for attraction of prosper businesses and growing worry has emerged regarding the hazardous impact of following up the commercial goals based on quality of accounting services. To acquire order and being organized, a society should inevitably lay foundation of behaviors based on ethical principles. It may be deduced the point in this way that ethical principles act like an adhesive, which put ele-

ments of society together. Requirement to presence of ethics in a community is highly important and it is unlikely due to this fact that ethical values are incorporated into the rules. Of course, all values could not be included in regulations and this is because of judgmental nature relating to certain values.

As an expert or professional person, a certified accountant is tasked with the responsibility against people, employer, colleagues, or the related co-workers and he or should try to behave respectfully. The main reason for adaptation of such a behavior by a professional or expert is that people trust in quality of work and services that are presented in this profession. If people do not trust in services given by the certified accountant then their potential for presentation of services to people will be noticeably reduced. Several studies indicate that at least three factors along with each other have caused to form, grow, and develop various professions during human civilization history and they are the secret for survival:

- Inclusive professional organization
- Professional conduct code
- Philosophy, theoretical bases, and professional principles and standards

As a professional actor, accountant has some obligations that do not apply for non- professional personnel. In accounting, ethical behavior is not something except for taking general attitude especially toward ethical behavior that was suggested by philosophers to humans.

From perspective of professional conduct fundamentals, accounting professional goals are to achieve the best professional principles and disciplines; implementation of operation at highest possible level of quality based on the aforesaid principles and rules and generally providing public interests.

Realization of these objectives requires providing the cases as follows:

a) *Validity*: Community needs to reliable and valid information and informatics systems.

b) *Professionalism*: The professionals in the professional accounting field should be easily identified and recognized by work owners and employers and other beneficiaries.

c) *Quality of services*: It should be assured that all given services by professional accountants are presented at the highest possible level of quality.

d) *Trust*: Users of the given services by professional accountant should be assured that there is a certain framework for professional behavior that control presentation of those services.

Fundamental principles

Generally, in professional conduct code for accountants, the fundamental principles are as follows:

- 1- Integrity
- 2- Neutrality and independence
- 3- Competence and professional care
- 4- Professional privacy
- 5- Professional conduct
- 6- Professional principles and standards

Originality

Originality means accountant's commitment to general ethics and fair and honest treatment in the field of professional work. By doing this task, he/she may contribute to the given profession and this principle requires other bases of originality. Original accountant is someone who assigns a task to the other person that can do it better if he/she found that he/she personally could not do the given work.

Neutrality

Accountant should be neutral (objective) and he/she should not allow tarnishing his / her neutrality by any prejudgment, favoritism, and influencing by others through giving services. Among fundamental principles, this standard means avoidance from friction and conflict of interests. To achieve neutrality, professional accountant should prevent from those relations that can cause influence by others and make sure that the subordinate colleagues are also committed to principle of neutrality.

Competence and professional care

It means deeply comprehension of professional work trend and subject of addressing them. Professional accountants should be always obliged for those services that he/she can fulfill them and he/she could cooperate or counsel with other if needed. Similarly, professional accountant shall possess professional knowledge, skill, and experience at suitable level and also have the needed moral competence in this regard. Some of professional competences are as follows:

- 1- Recognition of occupational techniques and professional methods
- 2- Identifying the economic organization and enterprise
- 3- Computer literacy at the needed occupational level
- 4- Acquaintance with occupational engineering and technical information; and

5- Perfectly information about accounting professional principles and standards

Privacy

It is to consider employer's information as confidential data. Professional accountant should make sure of observance of principle of privacy by his/ her subordinate personnel and assume the responsibility for security of the collected information. Professional accountant should notice privacy of information that she/ he may acquire during process of giving professional services and should not use or disclose this important information without taking explicit permission from employer unless he/ she is legally or professionally allowed to disclose such data.

Professional conduct

It is to do activities that are compatible to accounting profession. Professional accountant should behave in such a way that to be compatible with his/ her professional good reputation and it does not tarnish the professional repute. Likewise he/ she should treat politely and with respect to others during doing his/ her tasks and behave them properly and aptly.

Professional principles and standards

This element includes observance of the standards and disciplines. Professional accountant should do employer's requests skillfully and carefully.

The basic feature and factors in professional ethics

As modern concept, features of professional ethics include possessing identity and the needed knowledge; playing practical role; presentation of professional procedure, being local and culture- dependent; dependence to a moral system; presentation of humanistic knowledge with clear motivational language; purposing interdisciplinary approach (Amiri, p 140).

Many expert professions like medicine, lawyering, and accounting and some of social and economic or political institutions and organizations have official and codified ethical rules that interpret and determine the quality of organizational behavior, actions, and responsibilities of professional members against the community of third parties (Ali Madad). In an article, Stephen Ivens mentions some factors as the basic factors for professional ethnics that include as follows:

Professional independence of scientific ethics

Like ethics in any professional system, this factor should reflect inter-professional norms and sense of ethical commitment by the professional personnel and their expert institutions and they should not be imposed and compelled and noticed to them in the framework of ethical shall and shall- not subjects. For example, a professional accountant should follow some issues like honesty, accuracy, trustfulness, openness to climate of critique and evaluation, respectfulness to subordinates and surrounding personnel, paying attention to privacy, and confidentiality for individuals.

Professional self- concept

Professional self- concept is the basis for ethics. The individuals could achieve the moral perception only by their self- concept of professional work and activity and its philosophy regarding people's life and as a result, they acquire an internal sense of commitment to those values in their relations with nature and surrounding world.

Objectivity, neutrality, and lack of favoritism

Observance of objectivity and neutrality is one of the paramount basic principles that are confirmed in most of documents and topic relating to scientific professional ethics. The person who employs professional ethics in his/ her occupational life should not show irrational favoritism toward the source of immoral features.

Going beyond sustenance concept

Paying attention to other issues is downplayed until a person involves in physiologic subjects. By passing through physiologic concept, meaning of professional ethics comes to appearance. At least three other levels of scientific and technological activities make sense for them when the individuals are going beyond level of sustenance in their professional business and activity:

- Sense of efficiency, effectiveness, and production of quality as value- added
- Sense of serving the nation and helpfulness
- Sense of relief by redistribution of opportunities and power critique

Incompatible activities with accounting profession

The professional chartered accountant shall avoid from admission and doing incompatible activities with this profession.

Substitution of a professional chartered accountant

- Professional chartered accountant should examine the professional reason for acceptance of new task;
- Rights of minor owners shall be considered in substitution of professional accountant; and
- Rights of former accountant shall be reserved.

Advertisement and Promotion

The presented information should be perfect, proper, and realistic and of doing incompatible measures with the above principle should be avoid, including:

- Creation of unrealistic expectations;
- Pretension to have power of influencing in official institutions and authorities;
- Self- praising
- Comparing oneself with other professional accountants; and
- Unjustifiable claims

Communication is allowed in the following cases:

- Appointments and changes (membership in professional associations);
- Manual;
- Publication of books, essays, interviews, lectures;
- Training pamphlets;
- Apprenticeship courses and conferences;
- Employment of personnel;
- Headlines and table of professional unit; and
- Recording title of the professional chartered accountant on the published documents by employer

Regarding recruited professional accountants, the executable orders are as follows:

- Obedience to the law
- Observance of professional principles and standards
- Avoidance from presentation of misleading information
- No allowing mentioning his/ her title in the documents and papers which have been improperly drawn up
- To resolve professional disputes and contradicted views inside the organization
- Resignation from work if needed
- Supporting professional colleagues
- Professional competence; and

F Presentation of information based proper regulations and the relevant standards

Requirement of professional conduct code and ethics

The conducted studies indicate that the presence of the fundamental factors along with other has caused formation, growing, and developing several professions during human civilization history

and they are characterized as secret of their survival. These three factors are as follows:

Philosophy, theoretical bases, and professional principles and standards

The given profession may achieve the necessary power to continue professional activity with the presence of three aforesaid factors together and they will be deep-rooted in the society so they are neither dramatically changed by environmental variations nor omitted.

The first factor should necessarily exist in order to describe and interpret the quality and reason of a profession and also to acquire recognizing and explanation of the existing phenomena and predication of similar professional phenomena. Thus, seemingly independent and separate ideas and thoughts are presented within a relevant and interrelated system such as theoretical body knowledge. Phenomena are adjusted to the purposed theory by empirical observation and the needed tests and logical reasoning in order to measure its power. Johnson and Bledstein (1971, 1976) claim that acquisition of this body knowledge theoretically, as one of the main properties of a professional activity. Heinz maintains that a professional can survive and develop by claiming to achieve body of such knowledge (Isaee Khosh, 2010).

Without first factor, the utilized techniques and procedures are converted into some rules which are followed further by habit and tradition than reasonable admission. Similarly, regardless of this fundamental factor, it is impossible to overcome to the unsettled current problem and professional problem in the future and or present appropriate solutions for them.

Third factor, namely, professional conduct code and its obedience is the fundamental and crucially important factor on which the survival and duration of the given profession depends extremely and community especially pays attention to this factor (Yeganeh, 2007).

It is better first to define ethics before entry in the subject of professional principles and ethics of accountants and then to see generally when the subject of ethics was noticed further in accounting and auditing.

Reasons of ethical problems in accounting profession

1- Fraud: Fraud is a deliberative action done by one or more individuals from managers, personnel, and or third parties in order to present improper financial statements and it may include the following cases:

- Manipulation, forgery, or alteration of documents and proofs
- Recording transactions without evidentiary documents
- Incomplete or dual recording in books

- Improper presentation of financial evidences of transactions or omission of them from documents and proofs; and
 - Non- observance of financial and tax regulations and the relevant rules
 - 2- Abuse of assets
 - 3- Ignoring the internal controls to misuse them
 - 4- Compelling subordinates to record transactions improperly
 - 5- Conspiracy with auditor for non- disclosure of financial infringements
 - 6- Improperly application of accounting procedures
 - 7- Lack of giving the relevant information about transactions and or presentation of improper information to auditor and the relevant bodies
 - 8- Disclosure of confidential information of employer for rivals and others
 - 9- Not providing the adequate reserve for deduction of inventories value and unrecorded costs; and
 - 10- Lack of giving information or presentation of improper information to capital market in order to affect on stock rate

Conclusions

In accounting profession, the necessary skill should be acquired for presentation of ethical judgment so that to consider the welfare for all persons, who may effect on this performance. Without durable and strong ethical conduct, the position of this old technique and profession may be disturbed. This issue should be considered by the individuals, who intend to enter in this course and profession, further than noticed by enterprises. They should behave aptly before seeking for wealth, fame, and or knowledge and to put honesty and integrity as their agenda in their effort. The future of accounting profession depends on necessity of ethical leadership by professional accountants and leaders in this profession. It requires them to lead current and future accountants to respectfulness by interpreting the importance of ethical higher value and training the necessity of individual integrity. It is

obvious that by doing this task, this point will be certainly realized that in the future accounting pressure to be able to continue playing its historical role in fairly economic growth, success, and welfare.

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