

The role of ethics in the accounting profession in Romania – a perception-based study

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Abstract: *Ethics plays a pivotal role in shaping the accounting profession in Romania, intersecting with economic, cultural, and regulatory dynamics. This perception-based study explores the complex landscape of ethics within the Romanian accounting context through a survey administered to 40 participants, comprising students from the Bucharest University of Economic Studies and accounting professionals. The research delves into the perceptions, attitudes, and experiences regarding ethical behaviour in accounting. The findings underscore the significance of ethics education and awareness, with participants recognizing the importance of integrating ethical training into professional development. Management pressure emerges as a prominent factor influencing professional ethics, highlighting the need for supportive organizational cultures and robust ethical frameworks. Furthermore, the study identifies key factors influencing professional ethics, including gaps in regulations and the importance of transparency in financial reporting. While ethical dilemmas are perceived to be prevalent in accounting practices, participants emphasize the positive correlation between ethical behaviour and organizational success. Overall, this study provides valuable insights into the perception of ethics in the Romanian accounting profession. It underscores the necessity for comprehensive strategies aimed at fostering a culture of integrity, transparency, and accountability. By addressing ethical challenges and prioritizing ethics education, stakeholders can uphold the credibility and trustworthiness of financial reporting, contributing to the stability and growth of the accounting profession in Romania.*

Keywords: education, ethics, opinions, accounting

1. Introduction

Ethics is central to the accounting profession, influencing both individual conduct and the trustworthiness of financial systems. In the Romanian context, where economic development and globalization intersect with historical and cultural intricacies, understanding the significance of ethics becomes increasingly crucial.

This emphasises how complex accounting ethics are, with personal and professional facets coming together. The real role of accounting differs from the public's impression, which highlights the profession's dual role as a corporate culture manipulator and a language of company operations, further complicating the ethical environment. Given the disparities in honesty and skills among practitioners, this paradox makes it difficult to maintain honest and transparent accounting methods (Kardos, 2022).

This paper investigates the role of ethics in the accounting profession in Romania and discusses the overall perception of the role of ethics in accounting. For this purpose, we survey 40 students from the Bucharest University of Economic Studies and accounting professionals.

This research delves into the complex landscape of ethical behaviour within the Romanian accounting profession. Through the examination of perceptions, experiences, and attitudes, we seek to uncover the intricate relationship between ethics, professional practice,

and societal values. Our study encompasses both aspiring accountants – students and experienced professionals, providing a comprehensive perspective across various career stages.

By shedding light on these aspects, we aim to contribute to the ongoing discourse on ethics in accounting. Our findings have implications not only for individual practitioners but also for regulatory bodies, educational institutions, and organizations dedicated to promoting transparency, accountability, and ethical excellence.

2. Literature review

The significance of ethics in accounting is multifaceted and essential for the honesty and reliability of financial reporting and the accounting profession as a whole. The digital transformation has brought new obstacles and possibilities in accounting, underscoring the growing importance of ethics in maintaining trust with stakeholders and aiding effective risk management within organizations (Pavlova, 2022). Ethics in accounting goes beyond mere compliance with regulations; it involves the development of virtues, moral character, and practical reasoning to ensure the provision of pertinent and accurate financial information (Melé, 2020). Past cases of corporate financial scandals emphasize the harmful effects of ethical violations in accounting, emphasizing the need for a strong code of ethics to promote professional values and bolster public confidence (Goklas & Manurung, 2022).

Ethical examination according to global standards demonstrates that professional ethics are crucial guidelines in various accounting positions, highlighting the responsibility of accountants to adhere to ethical principles. Additionally, the ethical standards observed by accounting professionals are vital in combating tax evasion, with the objectivity of standards significantly influencing the ethical behaviour of external accountants. Studies emphasize the significance of ethical conduct among accountants in addressing ethical dilemmas and ensuring the accuracy and integrity of financial statements, thus safeguarding the profession's standing.

Education plays a vital role in instilling high ethical principles, as demonstrated by the strong positive relationship observed between ethics education and the level of awareness among future professional accountants regarding ethical standards (Žager et al., 2019).

Ethics stands as the cornerstone of business and commerce, fostering transparency and trust within the accounting realm, thereby prompting the implementation of legal frameworks and governance mechanisms to tackle ethical quandaries and scandals. The escalating concern surrounding unethical conduct in the accounting sphere underscores the pressing necessity for ethical accounting practices and emphasizes the pivotal role of accounting professionals and regulatory bodies in championing ethical standards. It is imperative for stakeholders in the accounting profession to prioritize ethical training and uphold ethical values to uphold the integrity of the profession and safeguard public trust. The cultivation of a culture that values ethics and integrity is paramount in ensuring the continued success and credibility of the accounting industry in the face of mounting ethical challenges and complexities (Goel, 2019).

The significance of ethics within the accounting field in Romania is multifaceted and crucial, mirroring the intricate nature of the profession and its impact on both business activities and societal values. Ethical conduct in accounting is not solely a matter of individual integrity but also a professional necessity that shapes career prospects, public perception, and the effectiveness of the profession in fostering transparency and accountability. Studies suggest that ethical behaviour varies among Romanian accountants, with gender playing a role in these differences, while religious background does not seem to have a significant impact (Matica et al., 2022).

This emphasizes the significance of ethical factors in the field, going beyond individual traits. Accounting is viewed as both the medium of commerce and a controller of corporate activities, emphasizing the dual function of the profession in portraying and influencing business practices (Kardos, 2022).

3. Research method

We employ survey-based research, the questionnaire is prepared for students and professionals to assess their perception regarding the necessity and impact of ethics in the accounting profession.

The initial section of the questionnaire comprised single-select questions designed to gather demographic information about the study participants. This demographic data serves as a contextual framework for analysing the responses and viewpoints related to ethical considerations in accounting.

The first question revealed, as presented in Figure 1, that the participants age groups are as follows:

- The majority of the participants fall within the 18-23 age group, with 23 respondents;
- The 24-30 age group has 14 participants;
- There are only 2 participants in the 31-45 age range;
- Lastly, there is 1 participant aged between 46-60.

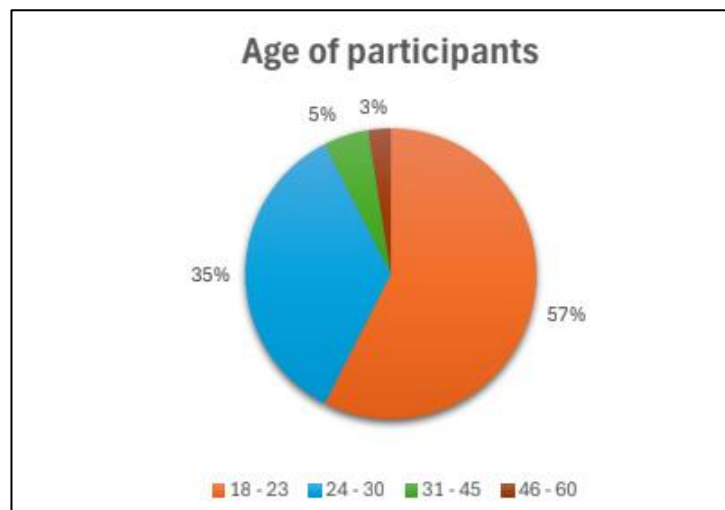


Figure 1. Participants' age

Regarding the gender, as it can be seen in Figure 2, among the 40 respondents, 34 were female (constituting 85% of the total), while the remaining 6 respondents were male (representing 15% of the group).

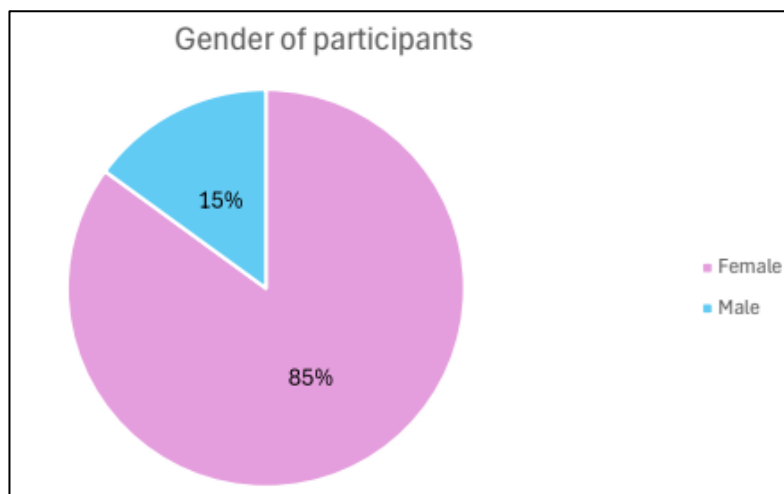


Figure 2. Participants' gender

Concerning the education of the participants at the study: among the 40 respondents, 25 completed their last form of education at the bachelor's degree level, 10 at the high school level, and 5 at the master's degree level.

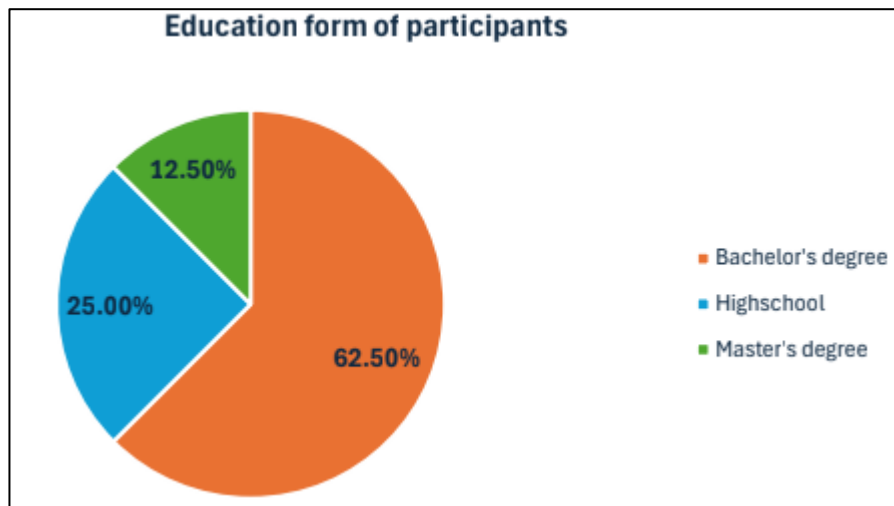


Figure 3. Participants' education

The fourth question, which concludes this category, pertains to the respondents' professional status. It was a multiple-choice question, allowing participants to indicate whether they were students, students that are employed or solely professionals. The answers we collected are:

- Students: there are 25 respondents who are currently students, accounting for 48% of the total;
- Employed for under one year: 7 respondents fall into this category, representing 13% of the group;
- Employed between one and three years: 11 respondents have been employed in this range, making up 21% of the total;
- Employed for over three years: 9 respondents have more than 3 years of employment experience, constituting 17% of the group.

4. Results

The study is focused on the role of ethics in the accounting profession in Romania, therefore the following questions are assessing this issue. Firstly, we asked the participant how often they think ethical dilemmas arise in accounting practices, in order to find insights into professionals' perceptions of ethical challenges within the accounting domain. We present the following key observations:

“All of the time” (9 respondents):

- These respondents represent a minority but a significant group. Their assertion that ethical dilemmas occur consistently underscores the gravity of ethical considerations in accounting;
- It suggests that certain individuals encounter ethical conflicts as an inherent aspect of their work, perhaps due to the nature of their roles or specific industry contexts.

“Often” (22 respondents):

- The majority of participants fall into this category. Their acknowledgment that ethical dilemmas arise frequently aligns with existing literature on the subject;
- Professionals in this group recognize that ethical decision-making is a recurrent

challenge. Their experiences likely involve navigating complex scenarios where competing interests and ethical principles intersect.

“**Rarely**” (9 respondents):

- A smaller subset perceives ethical dilemmas as infrequent occurrences. Their perspective may stem from factors such as organizational culture, personal values, or the specific nature of their accounting responsibilities;
- These respondents may work in environments with robust ethical frameworks or have limited exposure to contentious situations.

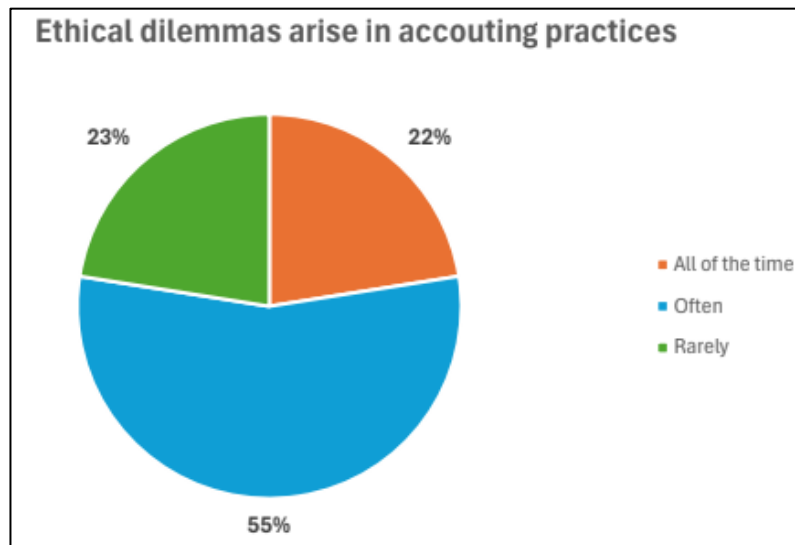


Figure 4. Ethical dilemmas arise in accounting practices

Overall, the data highlights the importance of ethics education and awareness in accounting. Professionals must be equipped to address ethical dilemmas effectively, regardless of their frequency. Organizations should foster a culture that encourages ethical behaviour and provides guidance for navigating complex moral choices.

Further, we asked the respondents whether they had ever been in a situation where ethical principles conflicted with professional duties in accounting, the answer provided being analysed below:

“**No**” (18 respondents):

- A notable subset of participants reported that they have not encountered situations where ethical principles directly conflicted with their professional responsibilities;
- This group may work in environments with robust ethical frameworks, have limited exposure to contentious scenarios, or adhere strictly to established guidelines.

“**Yes**” (22 respondents):

- The majority of respondents acknowledged encountering ethical conflicts in their accounting roles;
- These professionals have grappled with situations where ethical considerations clashed with their duties. Such dilemmas may involve balancing financial interests, confidentiality, objectivity, or independence.

Overall, the data underscores the importance of ethical awareness and decision-making skills for accountants. Navigating these conflicts requires a nuanced understanding of professional standards, organizational context, and personal integrity. By addressing ethical challenges with transparency and adherence to principles, accountants contribute to the trustworthiness and credibility of financial reporting.

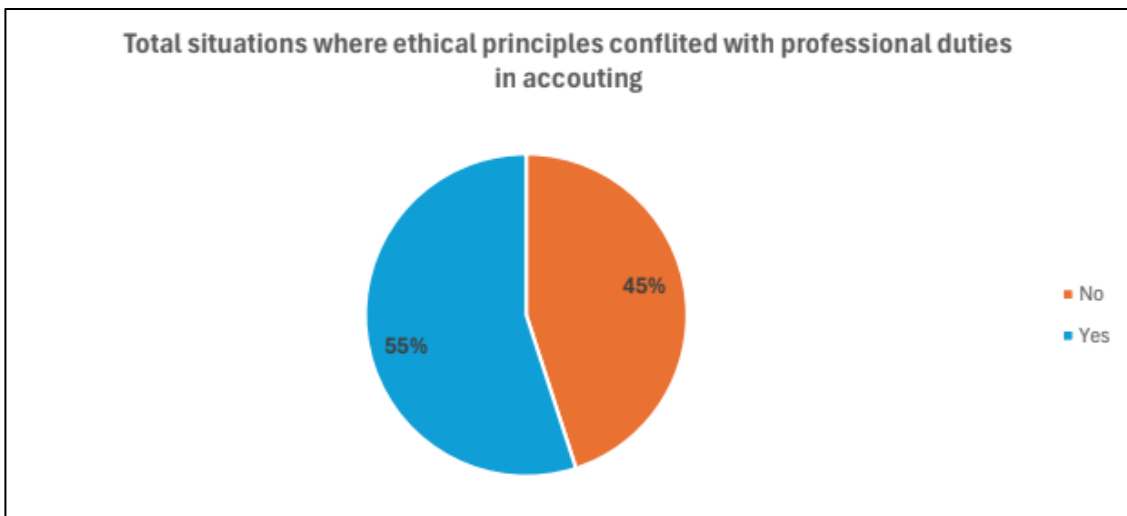


Figure 5. Total situations where ethical principles conflicted with professional duties in accounting

For question 7 we provided the following statements and let the participant rate them according to their opinion (1 meaning that they strongly disagree and 5 that they strongly agree).

- S1 – There are sufficient guidelines and regulations in place to ensure ethical behaviour in the accounting profession.
- S2 – Ethical training should be a mandatory part of accounting education.
- S3 – There is a strong correlation between ethical behaviour and the financial success of a company.
- S4 – Transparency is an important element in financial reporting.
- S5 – Ethical behaviour is important in the field of accounting.

- Sufficient guidelines and regulations (S1):

Respondents generally perceive that there are adequate guidelines and regulations in place to ensure ethical behaviour within the accounting profession. The average score of 4.10 (Table 1) suggests a favourable view, with most respondents not indicating the minimum or maximum possible scores. This alignment with established norms underscores the importance of regulatory frameworks in maintaining ethical standards.

- Mandatory ethical training in accounting education (S2):

The data reveals strong support for the proposition that ethical training should be mandatory in accounting education. With an average score of 4.40 (Table 1), respondents emphasize the significance of imparting ethical principles during professional development. The relatively low standard deviation indicates consensus among participants.

- Correlation between ethical behaviour and financial success (S3):

Respondents express a robust belief in the positive correlation between ethical behaviour and a company's financial success. The average score of 4.50 (Table 1) underscores this conviction. Despite some variation (as indicated by the standard deviation), the majority did not assign the minimum or maximum scores, reinforcing the notion that ethical conduct contributes to organizational prosperity.

- Transparency in financial reporting (S4):

The importance of transparency in financial reporting receives moderate recognition. With an average score of 3.50 (Table 1), respondents acknowledge its relevance. However, the wider range of responses (as reflected in the standard deviation) suggests varying perspectives. Some respondents assigned lower scores, emphasizing room for improvement in transparent reporting practices.

- Significance of ethical behaviour in accounting (S5):

The data highlights the critical role of ethical behaviour in the field of accounting. Respondents, on average, attribute high importance to ethical conduct (average score of 4.38, as per Table 1). While a minority assigned lower scores, the majority did not reach the minimum or maximum values, emphasizing the consensus on ethical significance.

In summary, these findings underscore the pivotal role of ethics in accounting practice. Regulatory frameworks, mandatory training, the ethical-financial nexus, transparency, and professional conduct collectively shape the integrity of the accounting profession.

Table 1. Statements ratings

	S1	S2	S3	S4	S5
Average	4.1	4.4	4.5	3.5	4.38
St. dev.	0.93	0.81	0.93	1.01	0.81
Min.	2	2	1	2	3
No min	3	1	1	6	8
Freq. min.	0.08	0.03	0.03	0.15	0.2
Max	5	5	5	5	5
No. max.	16	23	29	9	23
Freq. max.	0.4	0.58	0.73	0.23	0.58
Median	3.5	3.5	3.5	3.5	4

Figure 6 represents responses to a survey question addressing if the participants ever felt pressured to compromise ethical standards in their accounting work, with the breakdown of the data presented below:

No: There were 27 respondents who answered “No,” indicating that they have not felt pressured to compromise ethical standards in their accounting work.

Yes: 13 respondents answered “Yes,” implying that they have experienced pressure to compromise ethical standards.

In summary, out of the 40 participants, 27 have not felt pressured, while 13 have encountered situations where ethical standards were at risk in their accounting work. This data provides insights into the prevalence of ethical challenges in the accounting profession. It underscores the need for ongoing training, an organizational culture that promotes ethics, and reporting mechanisms to maintain integrity in accounting practices.

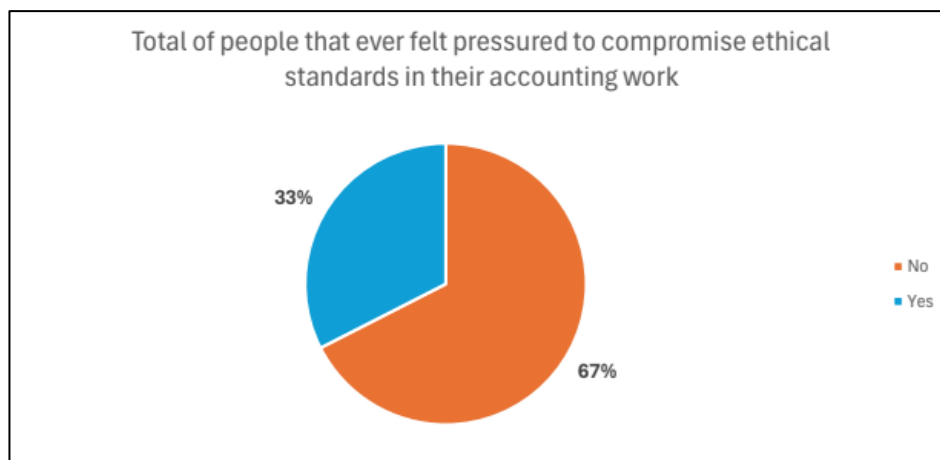


Figure 6. Total of people that ever felt pressured to compromise ethical standards in their accounting work

For the next question, the participant ranked 5 factors that could influence their professional ethics and could lead the participants to engage in fraudulent activities, 1 being the most important and 5 the least important).

Table 2. Ranking factors that could influence professional ethics

	Financial compensation	Management pressure	Lack of professional skills	Gaps and workarounds in the current laws and regulations	Revenge
Total	125	106	113	111	145
Rank	4	1	3	2	5

Financial Compensation:

Financial compensation was ranked 4 and refers to the remuneration an employee receives for their work. It encompasses salary, bonuses, benefits, and other monetary rewards.

Complex considerations:

- Equity theory: employees evaluate their compensation relative to their peers. If they perceive inequity (being underpaid compared to colleagues), dissatisfaction may arise;
- Relative deprivation: employees compare their compensation to external benchmarks (industry standards, market rates). Discrepancies can lead to discontent;
- Intrinsic vs. extrinsic motivation: beyond monetary rewards, intrinsic factors (job satisfaction, meaningful work) play a crucial role in retention;
- Compensation structure: the composition (base pay, incentives, stock options) impacts perceived fairness and motivation;
- Total rewards: consider non-monetary aspects (work-life balance, career development) as part of the overall reward package.

Management pressure:

Management pressure was ranked the most important factor, it refers to stressors imposed by supervisors or organizational demands. It encompasses tight deadlines, excessive workload, and performance expectations.

Complex considerations:

- Transactional leadership: high-pressure environments often align with transactional leadership styles, emphasizing task completion and performance;
- Role ambiguity: unclear expectations from management can lead to stress. Clarity in roles and responsibilities is crucial;
- Job demands-resources model: pressure can be balanced by resources (support, autonomy). An imbalance affects well-being;
- Leadership competence: effective managers mitigate pressure by providing support, feedback, and fostering a positive work climate.

Lack of professional skills:

Employees lacking essential skills for their roles face challenges in performing effectively.

Complex considerations:

- Skills mismatch: organizations must assess skill requirements during recruitment and provide training;
- Learning culture: encouraging continuous learning and development reduces skill gaps;
- Performance appraisals: regular feedback helps employees identify areas for improvement;
- Skill transferability: skills acquired in one context may not directly apply elsewhere. Enhancing transferable skills is vital.

Gaps and workarounds in the current laws and regulations:

Legal and regulatory gaps create uncertainties for employees. These gaps may relate to labour rights, workplace safety, or discrimination.

Complex considerations:

- Legal compliance: organizations must stay abreast of changing laws and ensure compliance;
- Ethical dilemmas: employees face dilemmas when laws conflict with personal values or organizational practices;
- Whistleblowing: reporting legal violations requires a supportive environment to protect employees;
- Social responsibility: organizations should proactively address gaps and advocate for fair regulations.

Revenge:

Revenge was ranked the least important factor, it can be seen as a reason for negative emotions or retaliation. It may stem from perceived mistreatment or unresolved conflicts.

Complex considerations:

- Organizational justice: perceptions of fairness influence revenge. Distributive (equitable outcomes), procedural (fair processes), and interactional justice (respectful treatment) matter;
- Conflict resolution: effective conflict management reduces revenge motives;
- Emotional intelligence: leaders should recognize and address emotional distress to prevent retaliation;
- Exit interviews: gathering feedback during exit interviews helps identify revenge-related issues.

The last question was an open question and addressed the steps that the participants think that could be taken to promote ethical conduct among accountants, with the answers being presented in Figure 7.



Figure 7. Frequency of the steps needed to promote ethics among accountants

Whistleblowing channels:

- Count: 11 participants voted for this step;
- Frequency: this represents 28% of the total participants (40);

- Whistleblowing channels allow employees to report unethical behaviour confidentially. While the count is relatively low, organizations should emphasize their importance and ensure a safe reporting environment.

Ethics trainings (from the employer):

- Count: 29 participants voted for this step;
- Frequency: this represents a significant 73% of the total participants;
- Regular ethics training programs educate accountants about ethical principles, codes of conduct, and professional standards. The high frequency indicates recognition of their value.

Incentives and recognition:

- Count: 16 participants voted for this step;
- Frequency: this represents 40% of the total participants;
- Providing incentives and recognizing ethical behaviour motivates accountants. Organizations should balance rewards while promoting transparent criteria.

More strict laws and regulations:

- Count: 16 participants voted for this step;
- Frequency: this also represents 40% of the total participants;
- Strengthening legal frameworks can deter unethical practices. Effective enforcement and global harmonization are crucial considerations.

Transparent communication:

- Count: 38 participants voted for this step;
- Frequency: this represents an impressive 95% of the total participants;
- Transparent communication fosters trust and openness. Organizations should prioritize clear channels and involve stakeholders in ethical decision-making.

In summary, promoting ethical conduct among accountants requires a multifaceted approach that combines legal frameworks, whistleblowing channels, organizational culture, training, transparent communication and incentives. Organizations must foster an environment where ethical behaviour is not only expected but also rewarded and celebrated.

Conclusion

In conclusion, this perception-based study delves into the importance of ethics within the accounting profession in Romania, shedding light on the perceptions, attitudes, and experiences of both aspiring and experienced professionals. The findings underscore the multifaceted nature of ethics in accounting, influenced by personal, professional, and contextual factors.

Ethics emerges as a central pillar of the accounting profession in Romania, intersecting with economic, cultural, and regulatory dynamics. The study highlights the complexity of ethical decision-making, with participants recognizing the prevalence of ethical dilemmas in accounting practices. This underscores the necessity for robust ethical frameworks, ongoing education, and organizational cultures that prioritize ethics.

The research findings emphasize the critical role of ethics education and awareness in shaping the ethical conduct of accountants. The majority of respondents acknowledge the importance of ethical behaviour in accounting and support mandatory ethical training as part of professional development. Moreover, the study underscores the positive correlation between ethical behaviour and organizational success, highlighting the intrinsic link between ethics and financial integrity.

Furthermore, the study identifies key factors influencing professional ethics, with management pressure being perceived as the most significant factor. Other factors such as lack of professional skills and gaps in regulations also contribute to ethical challenges within the profession. Recognizing these influences is essential for developing comprehensive strategies to promote ethical conduct among accountants.

Overall, the findings of this study provide insights into the perception of ethics in the accounting profession in Romania. Moving forward, addressing ethical challenges requires a concerted effort from stakeholders, including regulatory bodies, educational institutions, and organizations, to foster a culture of integrity, transparency, and accountability within the accounting profession. By prioritizing ethics and ethical decision-making, accountants can uphold the credibility and trustworthiness of financial reporting, ultimately contributing to the stability and growth of the profession in Romania.

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