



EUROPEAN FEDERATION OF ACCOUNTANTS AND AUDITORS FOR SMES

Accounting and Ethics: Pressure Experienced by the Professional Accountant

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BY
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About EFAA

The European Federation of Accountants and Auditors for SMEs (EFAA) is an umbrella organisation for national professional organisations whose individual members provide services primarily to small- and medium-sized entities (SMEs). EFAA has 16 members and represents more than 360,000 accountants, auditors, and tax advisors on their behalf in the European Union and Europe as a whole. EFAA's constituents are small- and medium-sized practitioners (SMPs), including a significant number of sole practitioners. They are SMEs themselves and provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to SMEs, the backbone of Europe's economy.

However, most accounting and auditing rules and standards are set up at the EU or international level and are often inspired by large companies and oriented towards their needs. EFAA supports Europe's SMEs and SMPs by providing our members and regulators with an evidence based SMP perspective. More information about EFAA can be found at www.efaa.com.

About SKwP

The Accountants Association in Poland (Stowarzyszenie Księgowych w Polsce, SKwP) was founded in 1907. It is one of the oldest accounting organisations in Europe and the largest in Poland having 21,000 members. The members of SKwP are either practitioners or academics. Because of the strong academic base, SKwP performs activities and projects, which strengthen the relationship between the practice and the science of accounting, for the benefit of both these areas.

SKwP is an organisation very much engaged in promotion of professional ethics in accounting and in 2006 SKwP developed and published its Code of Professional Ethics. SKwP is active on the international arena having been a member of the International Federation of Accountants (IFAC) since 1989. More information about SKwP can be found at www.skwp.pl.

Acknowledgements

This survey was produced by an EFAA Ethics Project Group. It was translated and promoted through EFAA's website and those of EFAA members. EFAA would like to acknowledge the assistance of the following EFAA members in particular.

ACCA, The Association of Chartered Certified Accountants
CGCEE, Consejo General De Colegios De Economistas de España
DSTV, Deutscher Steuerberaterverband e.V
NBA, Nederlandse Beroepsorganisatie van Accountants
OTOC, Ordem dos Técnicos Oficiais de Contas
SKwP, Stowarzyszenie Księgowych w Polsce
Tax Moklasz, Association of Hungarian Certified Tax Advisors
WPK, Wirtschaftsprüferkammer

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1. EXECUTIVE SUMMARY

Background

Ethical behaviour should be based in the most fundamental values, such as integrity, honesty, justice, and respect. However, unfortunately often in reality peoples' behaviour deviates from these values.

The subject of ethics, particularly ethics as it applies to accountants, whether practicing or working in business, is at the centre of much debate. Often, however, stakeholders struggle with exactly what actions should be taken to support those in the accounting profession to "make the right choices".

Contributing to this important debate EFAA and SKwP decided to examine one particular aspect of ethical behaviour; namely what accountants do when they perceive themselves to be under pressure from other parties to behave unethically. There is evidence that stakeholders often have different understandings of the nature of pressure and being under pressure. We examine pressure, for the purposes of this study, from the following perspective: "Have you ever been put under pressure during your professional career to act contrary to (1) your professional ethics or (2) to tax and /or accounting legislation?"

The survey was carried out in 2015 through online web portals and was publicised through social media and the efforts of our member bodies. The survey document was, subsequently, translated into Polish, German, Portuguese, Spanish and Hungarian.

Respondents (section 4)

EFAA was pleased to receive 664 responses from 23 countries, with over 88 % coming through non-English web portals (Polish, German, Portuguese, Spanish and Hungarian). The significant number of responses from some jurisdictions allowed us to make important observations in respect of the extent and nature of pressure suffered by accountants in these jurisdictions.

Those responding did so from a diverse range of roles in the accounting profession, including but not limited to, preparers of financial reports, bookkeepers and tax advisors from both practice and business, internal and external auditors, consultants and academics.

56 % of respondents were male (44 % female) with representation across all age categories from those under 30 to those over 60. Significantly, and of great interest, was the level of experience of the respondents. 78 % (517) of the survey population having in excess of 10 years' experience in the accounting profession.

Investigating the incidence of pressure (section 5)

64 % (416) of respondents confirmed that they had, during their professional career, been put under pressure to act contrary to (1) your professional ethics or (2) to tax and /or accounting legislation. Nearly 40 % (243) of respondents said that they had been the subject of such pressure on 5 or more occasions and that the pressure was most likely to be exerted by the following parties (in order of occurrence):

1. A client of the business or practice
2. The owner of the business or practice in which you work
3. Director / Board Member
4. Line manager
5. Colleague of similar seniority

There were two perhaps surprising results:

Firstly, the pressure exerted was most likely to be exerted by persons who were not responsible for financial accounting matters. 72% of our participants in the survey made this response.

Secondly, many would have expected that external auditors would be more likely to suffer from pressure than tax advisors. However, significantly the number of tax advisers answered in the affirmative to this question on being subject to external pressure. We speculate that this is because the way an item is treated for tax purposes often corresponds directly to a reduced tax liability and subsequently affects cash flow. The level of responses citing taxation issues in the context of pressure is likely to reflect that in small and medium enterprises, the main focus of accounting is on record keeping for taxation purposes rather than audit of annual financial reports.

Rewards and threats (section 6)

88% of respondents stated that they were not offered or given any reward for succumbing to the pressure albeit, it was evident in that any pressure being exerted was often linked to the continuity of the engagement. That is, the substance of respondents comments was that any “reward” was likely to manifest itself in the form of a continuing relationship; the unstated threat that the relationship would end.

Alternatively, it may be argued, if in 88% of cases those who responded that pressure did not promise any reward, then those people who found themselves under pressure may not have considered that pressure to be “something bad”, but rather to be reflective of “normal behaviour” in business. This hypothesis may lead us to the conclusion that ethics in accounting could differ from ethics in business or that accountants were judged to have a different ethical stance to non accountants.

Of further interest is the extent to which the pressure is role or entity specific. This report will postulate the following:

- Pressure exerted on auditors is less affected by the type of entity – the pressure is more associated with the role as auditor not the entity type;
- Tax advisors in practice experience a significant amount of pressure across all entities; and
- Accountants in general (in practice and in business) appear to experience more pressure when dealing with limited liability entities.

Exploring the pressure that was exerted on you and its consequences (section 7)

A significant amount of insight was gained in connection with the actions that respondents said they were asked to undertake together with the arguments that they put forward to counter such actions. Overall we were able to conclude that pressure normally manifests itself in influence over the reporting of the entity's performance and ultimately the entity' tax position. Section 7 details the range of actions that individuals have been asked to undertake.

When asked directly to provide information on whether professionals were likely to succumb to pressure we had the following responses:

- 68% (207) of respondents did not do as they were asked; and
- 32% (97) of respondents did as they were asked.

Respondents therefore provided their insight demonstrating that the vast majority of those in the accounting profession have never succumbed to pressure. Instead, they either provided strong arguments against those exerting pressure to convince them that such actions were unnecessary or they decided not to succumb for ethical reasons. In summary the following rationale was given supporting their position:

- Protection of professional reputation was of paramount importance;
- Accountants are bound by professional ethics;

- The action requested was not in line with accounting rules or legislation;
- Accounting professionals cannot be associated with tax evasion;
- Pressure often arises from short-term problems and an accounting professional can often help to resolve these matters by putting them into context so that appropriate decisions can be taken and the business can be sustainable in the long term.

Whilst respondents were under the impression that the engagement might be terminated if they did not succumb to the pressure. It seems, however, that practitioners were often prepared to terminate the engagement and suffer the consequences. Interestingly enough, in a number of cases, there were no resulting consequences.

Respondents that did succumb to pressure were rather worryingly put under enormous strain. It is clear from the many comments that respondents when they performed an action that they knew to be “wrong” did so because they felt that their employment and livelihood were under threat. Some respondents provided some disturbing narrative about being under such huge pressure. They were bullied in the workplace and in one instance they felt it necessary to leave the town in which they lived. Respondents, in these circumstances, felt alone without any source of comfort and support and this should prove of great interest to professional bodies and perhaps those who deal with whistleblowing legislation.

It was also apparent that respondents were more likely to succumb to pressure when they were employed within a business. That is, they were employed by the entity and not as an external consultant to the entity. The ability to put some distance between the individual and the person who exerted the pressure is seen to be great value in this regard. Another important point of interest for professional bodies to address is that those working in businesses felt less supported and certainly more distant from their professional body than those working in practice.

Consultation (section 8)

Over one half of those responding to the question chose to consult with others about their situation, but whether they consulted or not, the results were of similar magnitude to those that did not consult. However, that is not to underestimate the impact of consultation. The ability to consult was, much appreciated by those that found themselves in such situations because of confidentiality reasons regardless of the evidence above.

85 % of respondents greatly valued the opportunity to consult with others which they said provided a third party view, comfort in a time of stress and support to the person and the ultimate decision. In addition, when they did consult, they turned to a diverse range of people although in reality the most likely was a work colleague and after that their professional body.

Those respondents that chose not to consult with others felt that the matter was either clear (as were the actions that they must take) or that the issue could not be discussed with anyone else on confidentiality grounds. Others noted that there was no one to talk as they were the most senior person in the organisation. Again, this should prove of interest to professional bodies.

Perceptions of pressure (section 9)

Evidence collected from respondents clearly and overwhelmingly supported the proposition that accountants and auditors are subject to pressure. When asked about the benefits of being able to anonymously consult their professional bodies to discuss such matters, respondents were clear that there were benefits in doing this but they recognised that often, the advice from professional bodies would be better if all the facts could be disclosed to them. Again, this feedback should be of importance to professional bodies.

2. ETHICS AND ACCOUNTING

Ethics addresses the very broad question of how one should live^[1] or put another way questions, in terms of our behaviour in what is “right” and what is “wrong”. In ethics, it is essential to be faithful to society’s simple moral principles. Ethical behaviour should be based in the most fundamental values, such as integrity, honesty, justice, and respect. However, unfortunately often in reality peoples’ behaviour deviates from these values.

For over two and a half thousand years, ethicists have directed people on how they should behave. Influential early examples include Socrates (469 – 399 BC), Plato (427 – 347 BC), Aristotle (384 – 322 BC) and Epicurus (341 – 270 BC). Their ideas have been promoted by generations of prominent thinkers and philosophers who have continued to discuss and articulate their views in varying circumstances and environments. Despite this, the problem of ethics, or rather the lack of ethics in many areas of human activity, has become more and more significant in society and relates to many areas of activity and often stretches beyond the boundaries of one sovereign state.

Business ethics in particular has taken a conspicuous place in recent years with many scandals reported in the media that amply illustrate that all is not well in the business global community from an ethical perspective. This has attracted a growing response from the academic and business community in trying to address these ethical problems in the business world and none more so than in the area of accounting. The International Federation of Accountants (IFAC) in response to the demand for higher levels of ethical behaviour from the accounting profession in the light of a number of scandals such as Enron in 2001 published a Code of Practice for Professional Accountants in 2005. IFAC members have in the main adopted the IESBA* Code of Practice that covers both accountants in practice and accountants working in business.

From a European and small and medium accounting practices perspective, EFAA have been actively enhancing the importance of ethics to its members. For example, EFAA organised a roundtable on ethics in Berlin in December 2014 at their annual Council Meeting. Eminent commentators on the subject made a number of insightful comments. Continuing EFAA’s commitment to ensuring accountants pursue ethical strategies in their work this paper reports on a recent investigation by EFAA partnered with SKwP.

In practice, accounting is conducted by individual business entities and institutions or for individual business entities. Its aim is not only to reflect the impact of decision making by people managing these entities but also to present the economic potential of a company. For a skilful financial analyst, statements and reports prepared by accountants are an important source of knowledge about various risk factors connected with a business entity. Managers of business entities and other internal stakeholders of a company need relevant information to make decisions. A number of diverse external stakeholders will also expect such information. Unfair, distorted or false information used by stakeholders to manipulate other people’s behaviour will be detrimental. These practices are deceitful and unprofessional. They have a damaging effect not only for a company’s stakeholders but can also have a negative impact on what might happen to the entity now or in the future.

The main part of this paper investigates by way of a survey one particular aspect of ethical behaviour; namely: what accountants do when they perceive themselves to be under pressure from parties to present information that is contrary to their perceived professional ethical behaviour or in conflict with accounting regulation. An appendix follows that details a bibliographic study of the academic literature. This is particularly relevant as it references the extent of studies on ethics in business with relation to accounting over time.

^[1] Williams, B. 1985. Ethics and the limits of Philosophy, P2. Routledge, London.

* International Ethics Standards Board for Accountants

3. THE PURPOSE OF THE STUDY AND DATA COLLECTION

3.1. Why did EFAA and SKwP commission a survey?

The EFAA and SKwP survey on pressure attempted to collect evidence to assess the extent of the circumstances which accountants and those in the accounting profession are subject to pressure.

We asked accountants and auditors from all walks of life and with differing levels of proficiency to share with us their experiences of instances when they had been put under pressure in the work place. We also asked and report about how often accountants, auditors and others in the accounting profession are placed under pressure. We asked these questions in the belief that it would help us to identify any trends or patterns associated with the incidence of pressure.

3.2. Purpose of the EFAA survey

We believe that this research will inform the debate on the societal and business role of the accountant. We also wish to identify any trends or patterns associated with the incidence of pressure and we hope to be able to share our findings with standard setters, legislators and professional bodies as they develop ethical codes and support their members.

We also believe that results of this survey should be communicated to managers and directors in business. They are an important stakeholder group of the accounting sector and potentially in many cases they could be the source of the pressure placed on accountants.

The survey was issued to garner the views of small and medium sized practitioners (in the main) alongside those views of preparers of accounts, users of accounts and internal and external consultants.

3.3. How the survey was organised

This survey was set out in sections. It summarised the major themes that we were addressing and incorporated questions in the following areas:

- Overview of the survey – why complete it;
- About you;
- Investigating the incidence of pressure;
- The capacity in which you were acting when you were put under pressure;
- Who exerted the pressure and were you incentivised to succumb to the pressure;
- In which type of entity were you working in or engaged with when the pressure was exerted;
- Exploring the pressure that was exerted on you and its consequences;
- Exploring consultation at the time pressure was being applied;
- Who did you consult and did consultation prove helpful; and
- Perceptions of pressure.

A copy of the survey is included at appendix 1.

3.4. Data collection

The survey was promoted by EFAA, SKwP and EFAA's member bodies through websites and social media and was principally addressed to the members (i. e. practitioners) of EFAA member bodies and the members of SKwP.

The survey took approximately 15 minutes to complete.



Besides asking questions the survey provided respondents with an opportunity to express their views so that they were able to provide further insight.

Respondents did not have to answer all the questions. Instead they were able to choose to complete the sections that were of most interest and relevance to them. There were 24 questions in total.

The survey was web based. It was provided by EFAA in English and SKwP in Polish and was translated in addition into German, Spanish, Portuguese and Hungarian with the assistance of EFAA Members, DSTV^[2], CGCEE^[3], OTOC^[4] and Tax Moklasz^[5]. It was active from February to July 2015.

^[2] DSTV, Deutscher Steuerberaterverband e.V

^[3] CGCEE, Consejo General De Colegios De Economistas de España

^[4] OTOC, Ordem dos Técnicos Oficiais de Contas

^[5] Tax Moklasz, Association of Hungarian Certified Tax Advisors

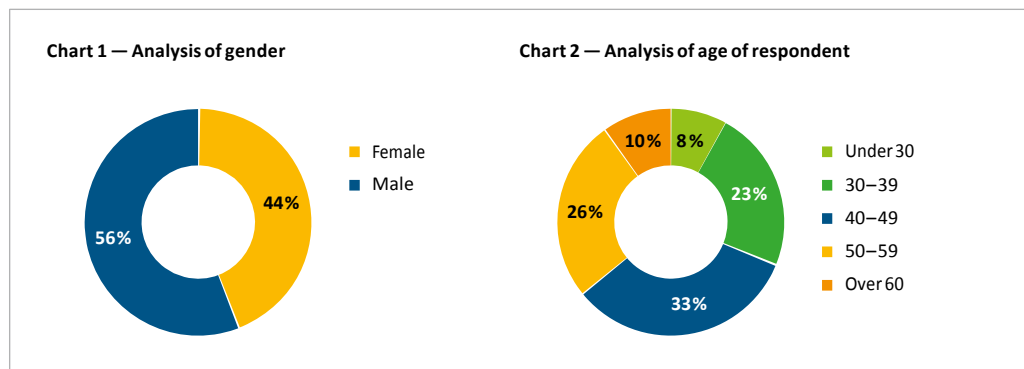
4. RESPONDENTS

4.1. Summary of respondents

In total, the survey was answered by 664 respondents. An analysis of the respondents is provided in the sections below.

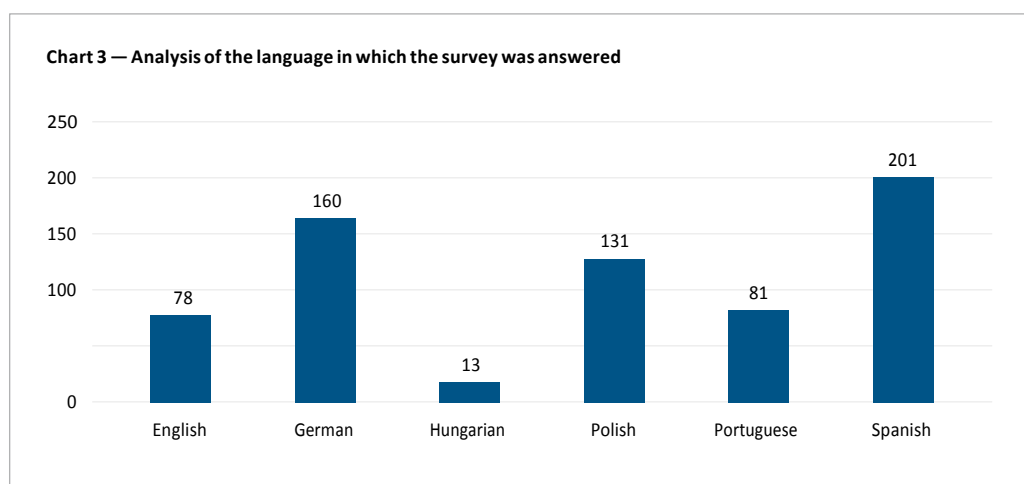
4.2. Gender and age

44% of respondents (294) were female and 56% (370) were male. The respondents also exhibited a cross section of experience with the age profile illustrated below.



4.3. Language in which the survey was answered

As already outlined, the survey was translated from English and Polish into German, Spanish Portuguese and Hungarian. An analysis of the language in which the survey was answered is shown below.

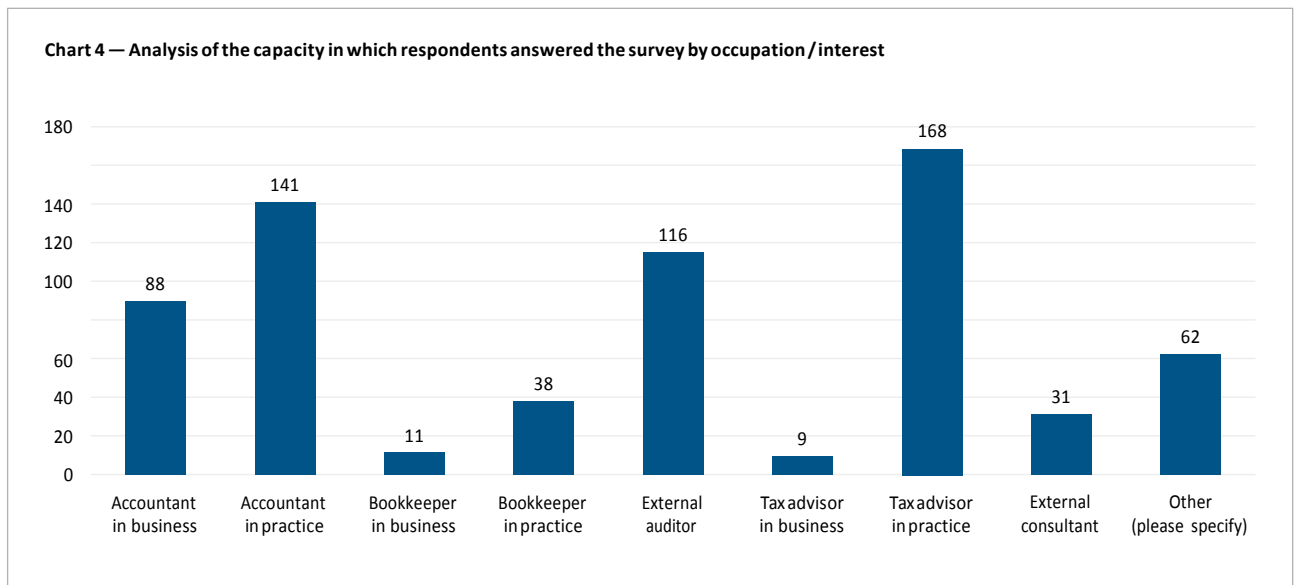


Almost 90% (88%) of respondents chose to answer the survey in a language other than English. EFAA and SKwP believe that this should prove of interest to standard setters and legislators in their aims to seek feedback and engagement before standards are finalised and ultimately translated.

That is, the provision of important documents in languages other than English may be helpful and beneficial to both the quality and quantity of the engagement process and ultimate feedback.

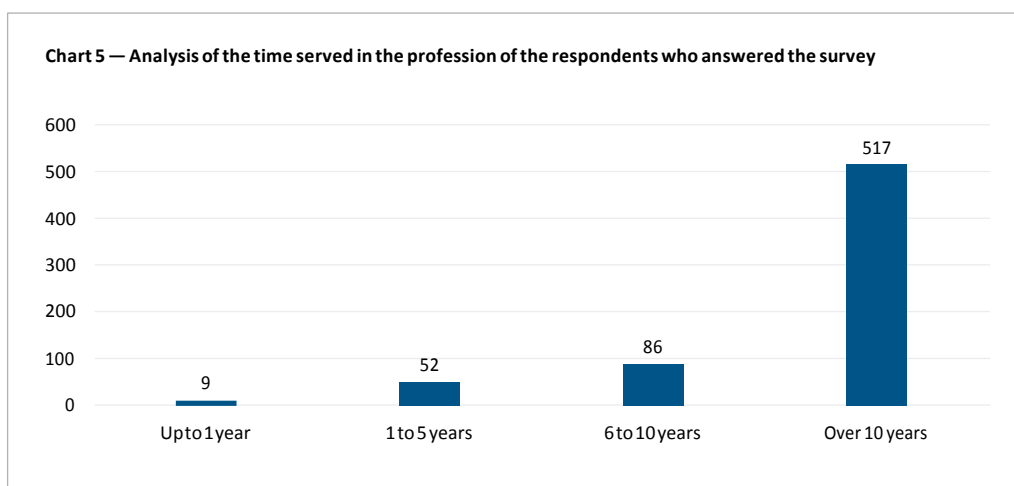
4.4. The capacity in which respondents answered the survey

We asked respondents to share information with us about the capacity in which they were answering the survey. The analysis illustrates that there is clear diversity of the total of 664 respondents in terms of the capacity in which they answered the survey, being accountant, auditor, tax advisor, consultant or “other.” We assert that the professional roles of respondents are clearly diverse however, the evidence is of value generating important insights. Moreover, we noted that the most dominant professional activities related to the accounting in SMEs are typically focused in the fields of bookkeeping and calculation of taxes due.



“Other” included the following roles: forensic accountants, academics, finance managers and directors, government accountants, IT consultants and retired practitioners.

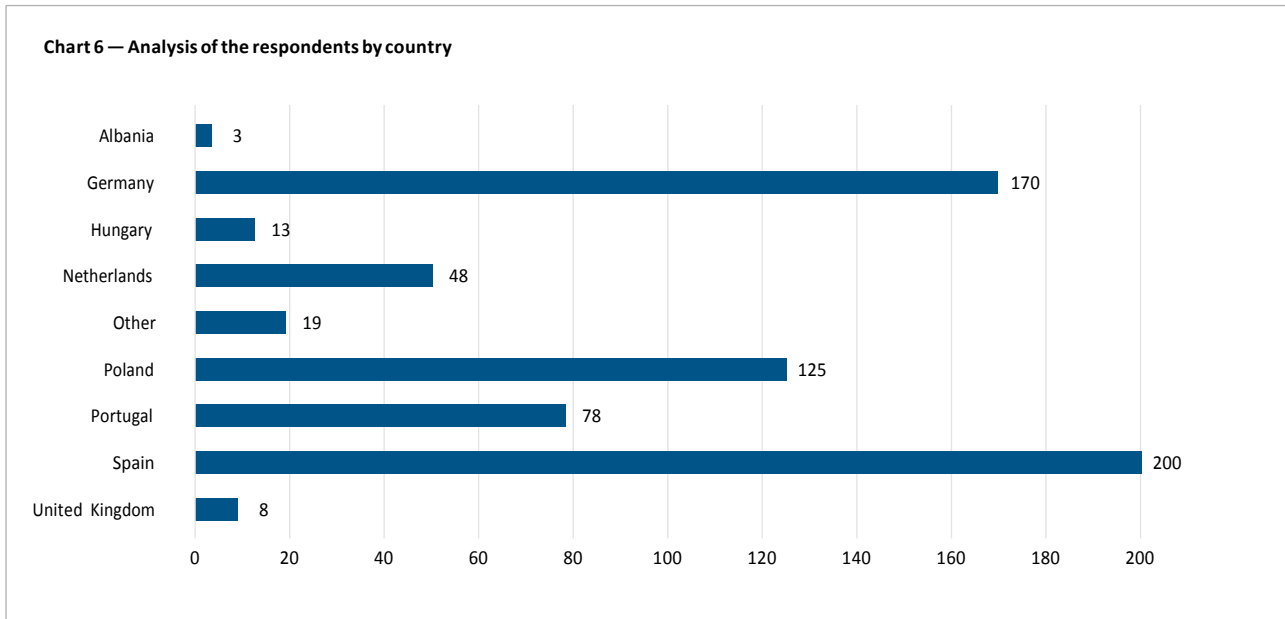
4.5. The level of experience of the respondents



The profile of experience of the respondents is shown above. It is of significance that 517 respondents (equating to 78% of the population) have 10 years’ experience or greater in the profession.

4.6. Geographical analysis of respondents

In total, respondents from 23 countries answered the survey. A geographical analysis of the survey respondents is shown below.



Countries included in the category “Other” are: Australia, Belgium, Bosnia, Bulgaria, Vatican City, Faroe Islands, Finland, France, Gibraltar, India, Ireland, Malta, Norway, Sweden and the Ukraine.

5. INVESTIGATING THE INCIDENCE OF PRESSURE

5.1. Establishing whether pressure is prevalent in the profession and its characteristics

This section of the survey attempted to identify the incidence of pressure and to determine if there were any specific trends and patterns that arose from:

- its occurrence;
- the form the pressure took;
- particular persons likely to exert pressure;
- whether dealing with certain entities is likely to result in pressure being more prevalent;
- the ultimate consequences of pressure being exerted; and
- the ability or likelihood that the person being put under pressure would consult with another person or a body when they are in that position.

5.2. The occurrence of pressure

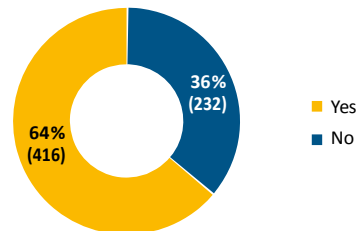
The survey asked respondents *“Have you ever been put under pressure during your professional career to act contrary to (1) your professional ethics or (2) to tax and/or accounting legislation?”*

The following responses were noted.

648 out of the 664 respondents answered this question.

Almost two thirds of the 648 respondents answered, *“Yes – I have been put under pressure.”* This therefore indicates that two thirds of respondents had been asked to act contrary to (1) their professional ethics or (2) to tax and/or accounting legislation at some point in their professional career.

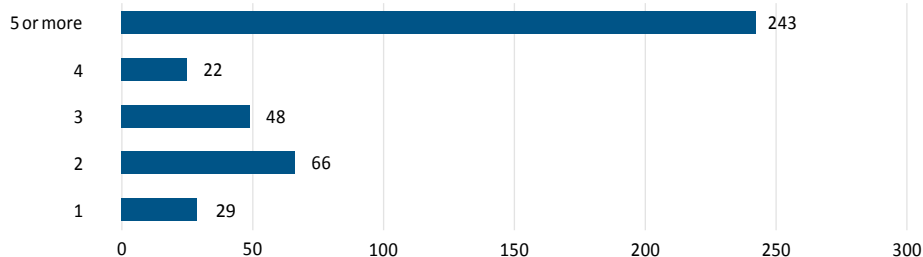
Chart 7 – “Have you ever been put under pressure during your professional career to act contrary to (1) your professional ethics or (2) to tax and/or accounting legislation?”



5.3. How many times have you been put under pressure?

There were 408 responses to the question *“How many times have you been put under pressure?”*

Chart 8 – “How many times have you been put under pressure?”

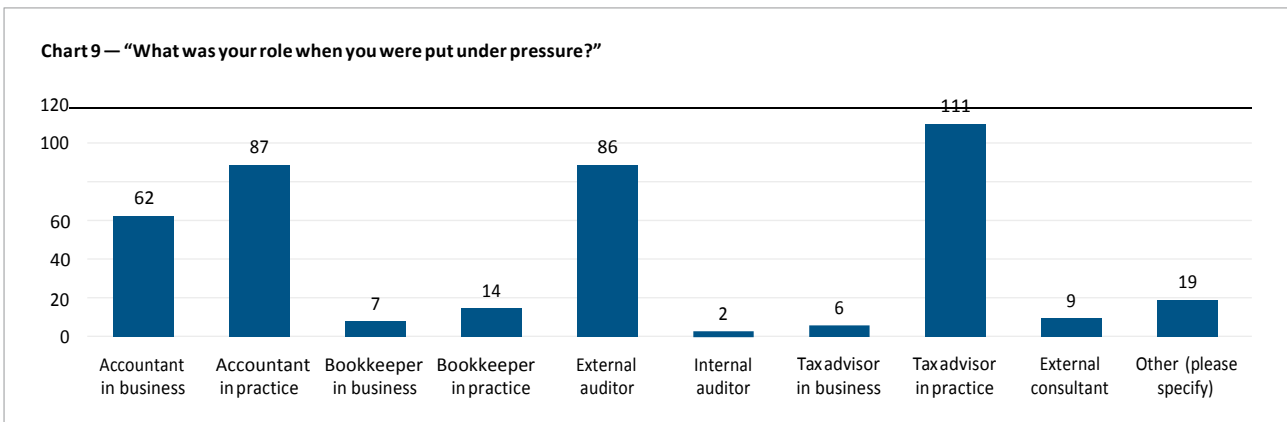


It is perhaps surprising that the vast majority of respondents had considered themselves to be under pressure on five or more separate instances. One could therefore speculate that accounting professionals are often placed in a position where their judgement is questioned or where they are

asked to act in a way that may be contrary to their professional ethics or to deal with tax and accounting matters in a manner that would be contrary to national legislation. Some commentators have suggested that there is evidence that differences arise with gender. The data that we collected gave no credence to this view; we noted no clear evidence that females were more likely to being put under pressure than males and vice versa.

5.4. What was your role when you were put under pressure?

We wanted to assess whether professionals in the accounting domain that were undertaking certain roles were more likely to be placed under pressure. 403 respondents answered this question.

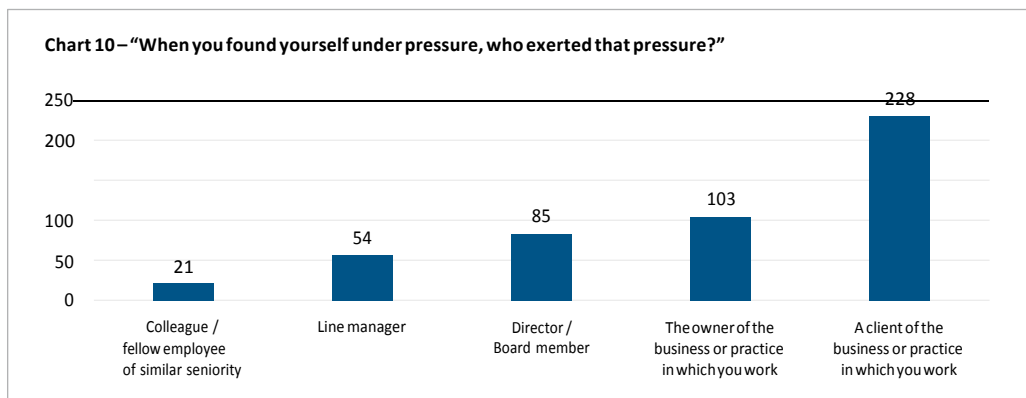


The preceding chart paints an interesting picture. Whilst many would have expected that external auditors may occasionally be put under pressure the fact that tax advisors responded so significantly in the affirmative to this question is of huge interest.

One might speculate that this is because how an item is treated for tax purposes often corresponds to actual cash savings or actual cash costs. The reason might therefore be, as is common opinion, that in small and medium enterprises, the main goal of accounting is record keeping for tax purposes.

5.5. Who exerted the pressure?

After having been asked about accounting professionals being placed under pressure, respondents were then asked the following question, “When you found yourself under pressure, who exerted that pressure?” 491 respondents chose to answer this question. This trend is best shown below.



One of the conclusions that could be drawn is that pressure is exerted from superiors and from external influences and that pressure increases in line with seniority and/or the ability to influence others, that is, clients are more likely to try to influence results. It is an interesting observation, because it would seem, that the main source of pressure evolves from internal motives.

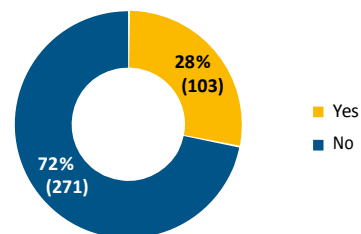
5.6. Was the person who exerted pressure on you responsible for financial accounting matters?

Question 11 of the survey asked, *“Was the person who exerted pressure on you responsible for financial accounting matters?”*

The responses given are analysed as follows.

374 respondents chose to answer this question and after having done so it became clear that over two thirds of persons who were considered to be placing pressure on accounting professionals were not directly responsible for financial accounting matters.

Chart 11 — “Was the person who exerted pressure on you responsible for financial accounting matters?”



One could conclude therefore that the majority of incidences of pressure reflected those when the person exerting the pressure was not likely to be from the accounting profession or did not have direct responsibility for a finance function.

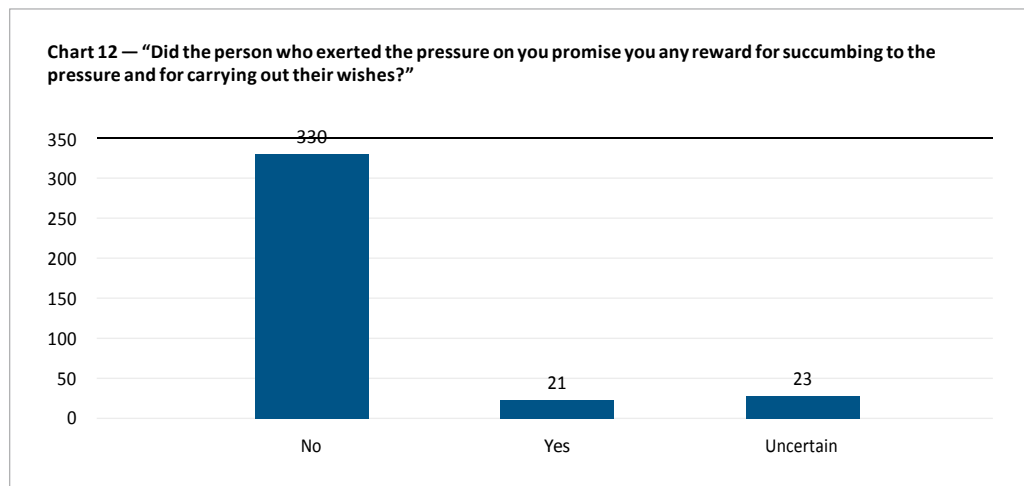
One might speculate that people, who are not directly involved in the accounting profession want accountants' professional knowledge because they wish to use their expertise and skill for their own particular purposes. They may want to do something that could be judged to be unethical, but they do not wish to do it themselves. This remark is of particular importance to accountants, who should exercise more caution and judgement on such matters.

6. REWARDS AND THREATS

In circumstances where accounting professionals felt themselves to be under pressure it seemed appropriate to try to ascertain whether that pressure was accompanied by any potential reward or any potential threat.

The following two questions deal with these aspects.

6.1. Did the person who exerted the pressure on you promise you any reward for succumbing to the pressure and for carrying out their wishes?



374 respondents answered this question and in the vast majority of instances (88%), respondents answered in the negative. That is, whilst they were clearly “under pressure” they were not being offered any reward to succumb to that pressure nor did they consider themselves to have been threatened.

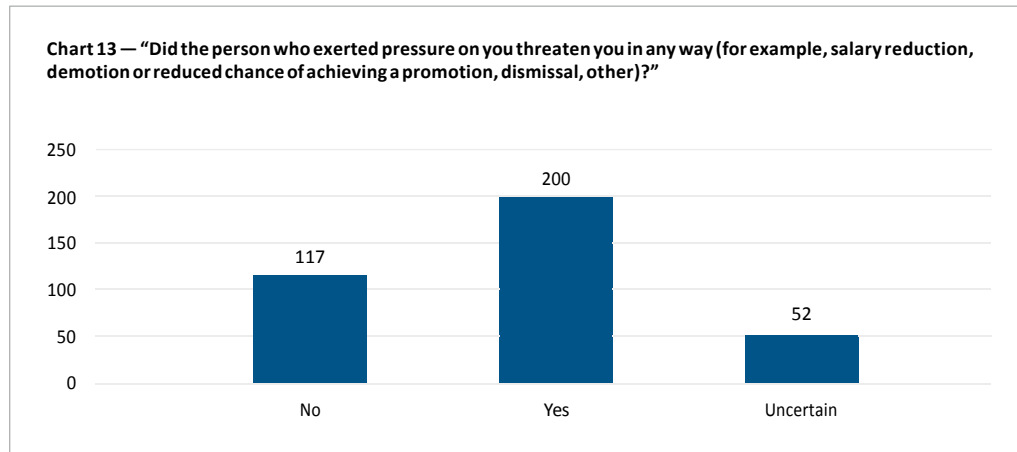
21 respondents however considered themselves either to have been offered a reward or to have been threatened in some way. 23 respondents were unsure or could not recollect being under threat or being offered a reward. This uncertainty perhaps points to the fact that there is often an element of ambiguity in difficult situations.

Several respondents provided additional comments to this question. These are included in section 10.

One of the recurring themes seems to be a link between pressure being applied to accounting professionals such that they took action as requested and to the continuity of the engagement. That is, in general the sense of respondents comments was that any “reward” was likely to manifest itself in the form of a continuing relationship or alternatively the unstated threat was that the relationship would end.

Alternatively, if in 88% of cases those who exerted pressure did not promise any reward, then those people who found themselves under pressure may not have considered that pressure to be “something bad”, but rather to be reflective of “normal behaviour” in business. This hypothesis may lead us to the conclusion that ethics in accounting could differ from ethics in business if there are different “norms” and expectations. Moreover, it may provide for further research and wider exploration of this matter or perhaps for greater emphasis to be placed on ethics in accounting.

6.2. Did the person who exerted pressure on you threaten you in any way (for example, salary reduction, demotion or reduced chance of achieving a promotion, dismissal, other)?



369 respondents answered this question. Again, there was some sense that the position was not entirely clear and that ambiguity was present during the period when pressure was being applied. In fact, 52 respondents noted that they were uncertain whether they had been threatened.

The majority of respondents 200 (representing 54 %) were certain however that no threat was made. 117 respondents did consider that they had been threatened in some way.

This is a remarkable statistic. 416 respondents had previously reported that they had been put under pressure. 117 of those then reported that some sort of threat accompanied the pressure that they were put under.

Again, respondents provided additional comments to this question. These observations are included in section 10.

There is an overwhelming sense that in the majority of instances the threat manifested itself in some form of likely financial loss being:

- loss of income to the practice or practitioner;
- loss of employment of the accounting professional; and
- the termination of an ongoing relationship.

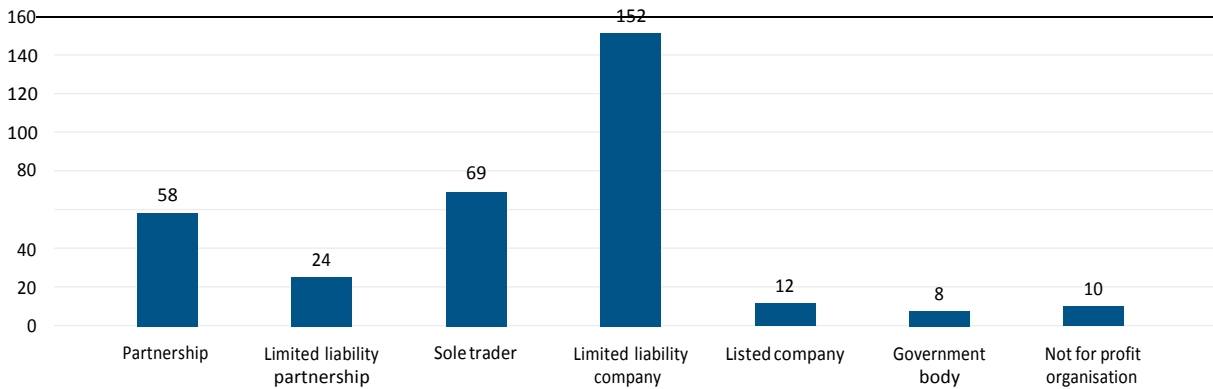
In addition, there were also comments that give real insight to perceptions of the profession that not all accounting professionals have the same ethical norms with one respondent noting the following comment made whilst under pressure from a client – “But you know, others do that. Otherwise, we can stop co-operating.”

6.3. Is pressure dependant on the type of entity that you are dealing with or employed in?

This section aimed to assess whether a person was more likely to suffer from pressure depending on the type of entity in which they were working or in which they were engaged.

There were 333 respondents to this question. Their responses are summarised on the following page.

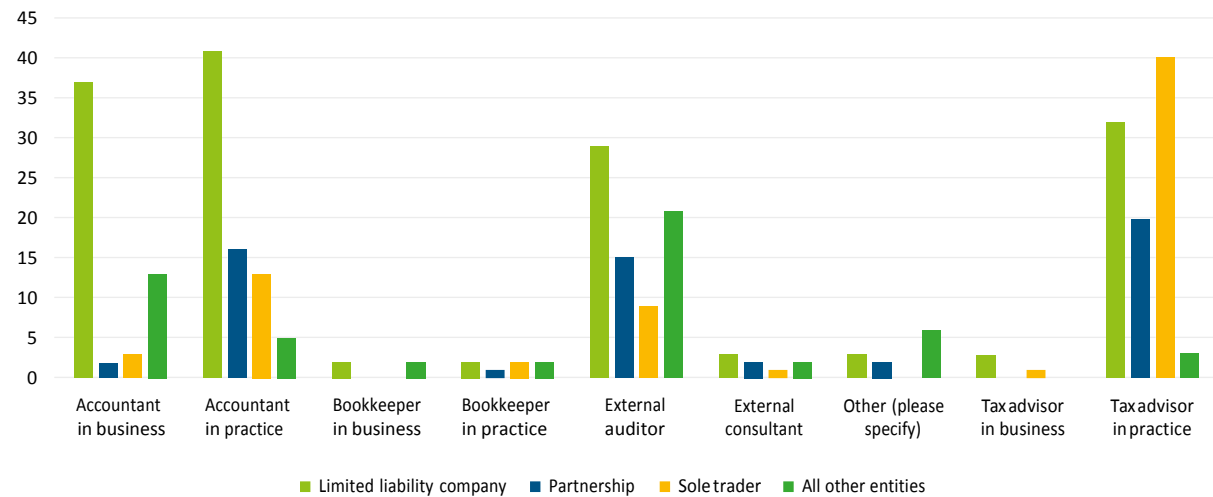
Chart 14 — “Please provide the legal form of the entity in which you were employed or for which you were working when you experienced pressure”



We thought it would be of value to assess whether there was any correlation between the type of entity and the role played by the professional accountant when they considered themselves to be under pressure.

The results of that analysis are shown below.

Chart 15 — Is there any correlation between role and entity type



One could postulate the following:

- Pressure exerted on auditors is less affected by the type of entity – the pressure is more associated with the role as auditor not the entity type;
- Tax advisors in practice experience a significant amount of pressure across all entities; and
- Accountants in general (in practice and in business) appear to experience more pressure when dealing with limited liability entities.

7. EXPLORING THE PRESSURE THAT WAS EXERTED ON YOU AND ITS CONSEQUENCES

7.1. What were respondents asked to do?

This section addresses the type of pressure that was applied. In addition, we asked about the context of what respondents were requested to do, i.e. the objective of or the purpose of the pressure; what was the pressure meant to achieve.

We therefore requested respondents to tell us what actions they were asked to take when they were put under pressure. The following table gives us an idea of what accounting professionals were asked to do.

Table 16 — What were respondents asked to do?

Postponing the recognition of costs and expenses (understating costs and expenses)	125
Manipulating the value of inventories	122
Categorizing personal expenses incurred by employees, directors, or shareholders as company expenses	119
Overstating expenses (accounting for fictional expenses or accounting for expenses early)	91
Accounting for items in a way that deliberately changed the manner in which the item was treated for tax purposes	70
Non recognition of income or sales (understatement of income)	69
Creating excessive provisions in order to be able to release them to profit in subsequent periods	67
Accelerating the recognition of income (overstating income)	66
Accounting for repairs as capital expenditure	52
Manipulation of depreciation and amortization	51
Amortizing costs that should have been immediately expensed	41
Enabling the payment of cash wages to persons who were not correctly registered as employees	36
Manipulation of long term contract measurement	23

We performed further analysis on the above data to ascertain whether any particular trends could be identified in respect of nationality, role or the type of entity for which the accounting professionals worked but interestingly the results were fairly well spread across all nationalities, role and entity types.

This possibly points to the fact that pressure, when exerted, reflects itself in some form of the above action and influences the reporting of entity performance and often ultimately the entity's tax liability. Respondents also noted other actions that they had been asked to do. These included:

- Accounting for entertaining costs as other types of tax allowable costs;
- Valuation of buildings in investment companies;
- Window dressing, that is, representing non-recurring revenues as recurring and recurring costs as non-recurring;
- Overstating losses in financial plans such that after closing the year end the loss was "lower" than it had been previously resulting in directors receiving additional bonuses for apparent cost reductions; and
- Devaluation of assets in order to understate financial results.

One respondent noted the following: “I’d suggest it’s a regular discussion rather than pressure. All we can be is assertive and resolute and do the best for the client within the confines of the rules.”

7.2. Did you put any arguments forward to prevent being put under pressure?

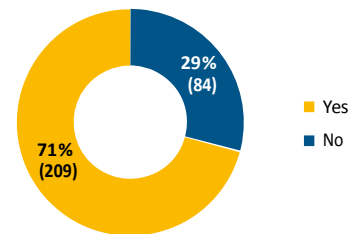
293 respondents answered this question. Of those, 209 stated that they put arguments forward to prevent being put under pressure, i.e. to prevent the action being undertaken. This amounted to 71 % of those responding to this question.

Once again, several respondents provided additional comments to this question. These are included in section 10.

In total, there were over 80 separate comments left by respondents in this section. Analysis of these comments enabled us to identify the following recurring lines of argument.

- Protection of professional reputation was outlined as being the key reason as to why they could not undertake an action;
- Accountants are bound by professional ethics and actions that run contrary to those professional ethics should not be undertaken;
- The action requested was not in line with accounting rules or legislation;
- Accounting professionals cannot be associated with tax evasion; and
- Pressure often arises from short-term problems and an accounting professional can often help to resolve these matters by putting them into context so that appropriate decisions can be taken and the business can be sustainable in the long term.

Chart 17 — Did you put any arguments forward to prevent being put under pressure?



7.3. Did you ultimately do as you were asked and what consequences did you suffer?

304 respondents chose to answer this question.

The results provided (see Chart 18) give a real insight to the pressure that accounting professionals find themselves under and the manner in which they react. In summary:

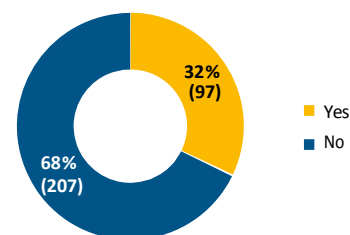
- 68% (207) of respondents did not do as they were asked; and
- 32% (97) of respondents did as they were asked.

So why did respondents do what they were asked to do even though they believed that this was not the behaviour expected?

Some respondents provided voluntary information and their comments are included in section 10.

One might speculate that there is a price to pay in the short term for “doing the right thing.” This seems to be accepted by those in the accounting profession.

Chart 18 — “Did you ultimately do as you were asked?”

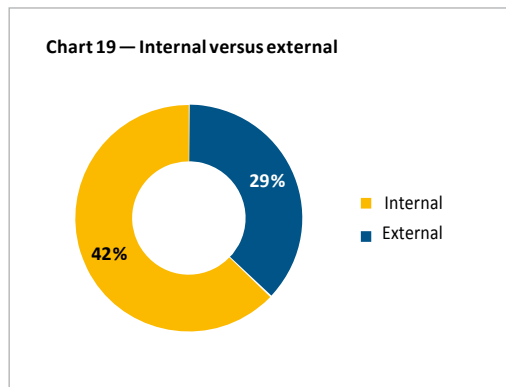


That is, actions that will ultimately enable the long-term sustainability of the practice or the business in question, such as refusing to condone unethical or illegal accounting and tax matters may have a financial cost in the short term. Reputational damage, on the other hand, is often permanent.

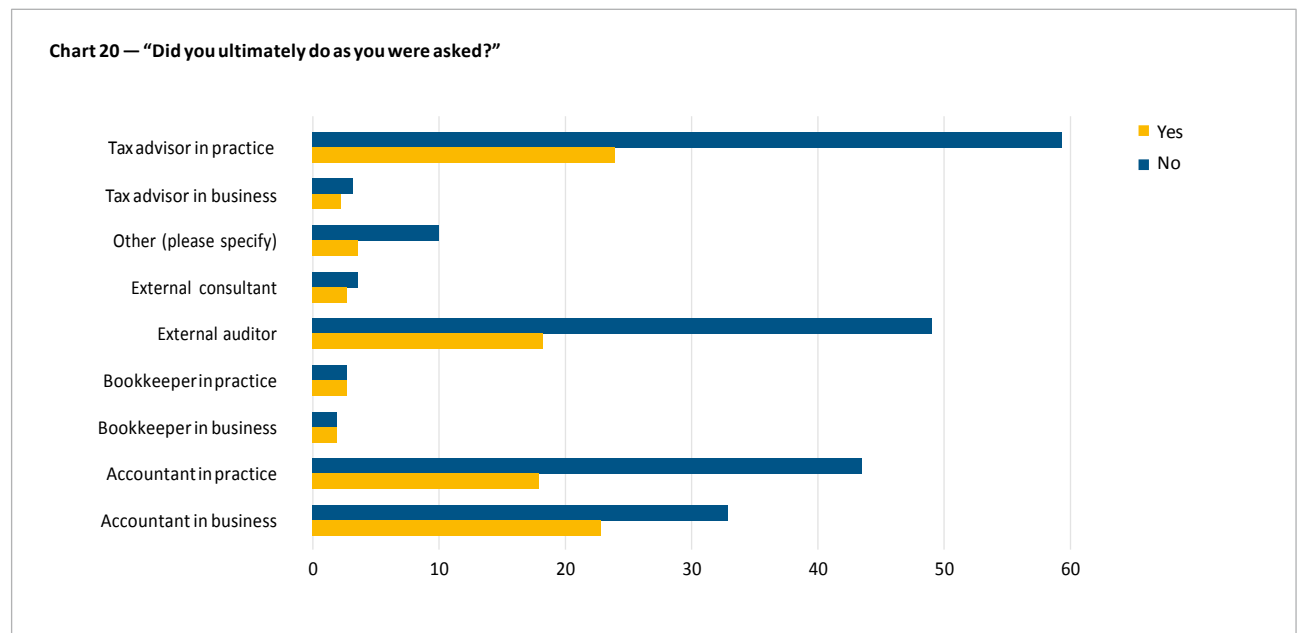
In instances where the accounting professionals performed actions that they knew to be the “wrong”, they commented that they did so because they believed their employment and their livelihood to be under threat. However, when this happened more than once, that is, when respondents were put in the same position for the second or further times, our respondents ultimately ceased employment. There appeared to be some sort of moral line that could not continually be crossed in good conscience.

The following data is of further interest.

Firstly, we noted that respondents were more likely to succumb to pressure if they were part of the business – i.e. performing an internal role as an employee. In this regard, 42% of internal professional submitted with only 29% of external practitioners submitting.



Secondly, we noted that across all categories the more likely response to whether one would have succumbed to pressure was “No.”

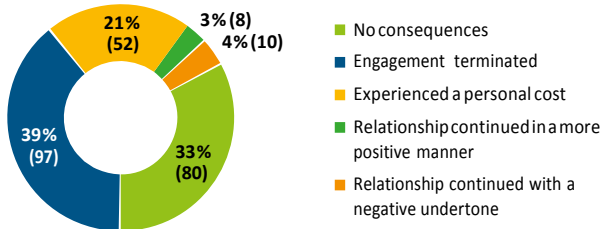


7.4. What consequences did you suffer?

In total respondents provided 247 responses to this question. Once again, the comments made have been included in section 10.

Respondents provided sufficient information such that we could group their comments into themes. The analysis of these comments is provided on the next page.

Chart 21 — The consequences suffered analysed by all respondents

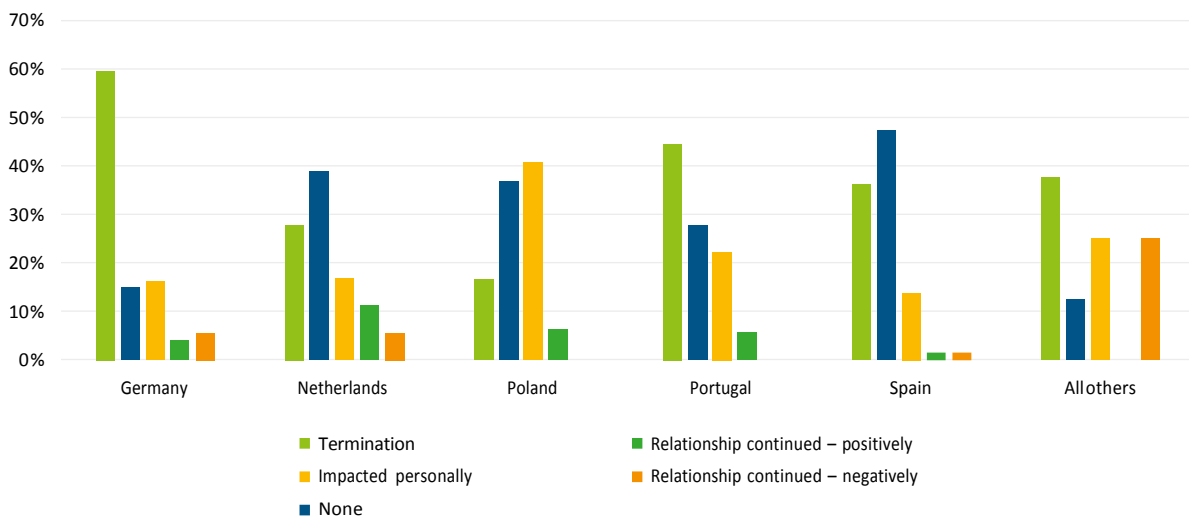


For those employed the consequences are often poor promotion prospects, illness, stress or a loss of employment. More extreme consequences were also noted such as being bullied in the workplace, and in one instance to leave the town in which the employee lived.

For those in practice the refusal to act in a way that was perceived to be unethical by a client gave way to a termination of the engagement albeit in many cases, it has to be said, the client accepted the judgement of the accounting professional and there were indeed no consequences of note.

Furthermore, we did note some differences arising from the country in which the accounting professionals were working. These differences are shown in the table below.

Chart 22 — Are the consequences likely to be different depending on which country the professional accountant is based?



Whilst we cannot make concrete assertions the data suggested that accounting professionals working in Germany and Portugal are more likely to terminate the engagement. In addition, consequences are unlikely to result in the Netherlands, Poland and Spain.

8. CONSULTATION

One of the features of being subject to pressure is often the sense of isolation or loneliness. That is, accounting professionals believe that they are being pushed into an action and have no one to confer with or with whom to share their concerns.

One of the sections of the survey sought to determine whether those that had stated that they had been put under such pressure had taken the opportunity to consult with a third party at that time.

8.1. Did you consult with anyone at the time that you were put under pressure?

As you can see in chart 23, just over half of all 291 respondents said that they consulted with someone at the time that they felt under pressure.

Of great interest is the fact that there is no real insight to be gained by assessing whether someone ultimately acted under pressure and whether they consulted anybody. That is, whilst consultation might have been of great value in individual cases, the act of consultation alone does not appear to have changed the ultimate action.

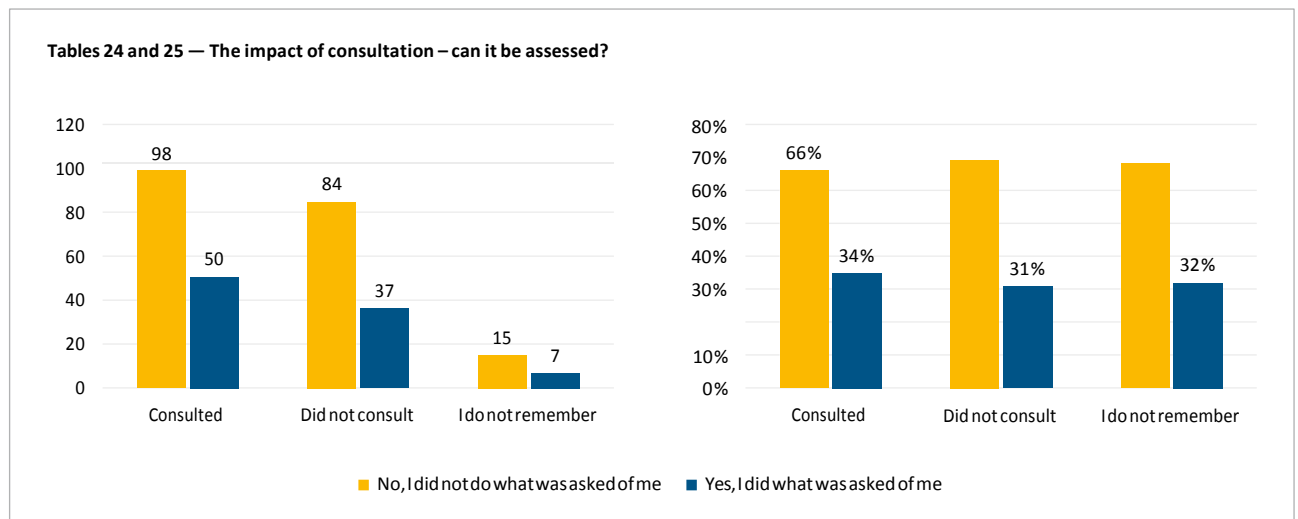
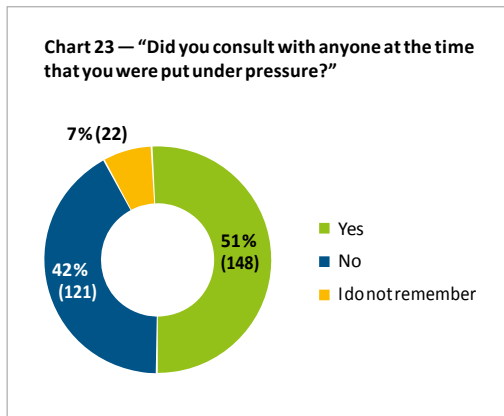


Table 26 — The impact of consultation – can it be assessed?

	Did respondents do as they were asked?	
	No	Yes
Consulted	66%	34%
Did not Consult	69%	31%
I do not remember	68%	32%

In almost every case whether someone consulted, did not consult or could not remember having consulted, over two thirds of accounting professionals that answered this question stated that they **DID NOT** do as they were asked.

8.2. Differences pertaining to the country in which you work

Because of the extensive data that we collected, we were able to analyse the impact of consultation by country in which the accounting professional worked as follows:

Table 27 – The impact of consultation – can it be assessed by country?

	No – Did not do as asked	Yes – Did as asked	Consulted	Did not consult	Do not remember
Germany	73%	27%	54%	40%	6%
Netherlands	95%	5%	100%	0%	0%
Poland	59%	41%	43%	54%	3%
Portugal	79%	21%	59%	34%	7%
Spain	57%	43%	43%	45%	12%
All others	71%	29%	29%	50%	21%
Total	68%	32%	51%	42%	8%

Our observations on this analysis are as follows:

- Accounting professionals working in Germany, Netherlands and Portugal are much less likely to succumb to pressure than those in Spain and Poland.
- Accounting professionals working in Germany, Netherlands and Portugal are more likely to consult with a third party than those in Spain and Poland.
- But interestingly enough, the impact of the act of consultation was not as clear cut as the results show below albeit respondents in general were more likely to say “no” if they had also consulted.

Table 28 – The impact of consultation – can it be assessed by country?

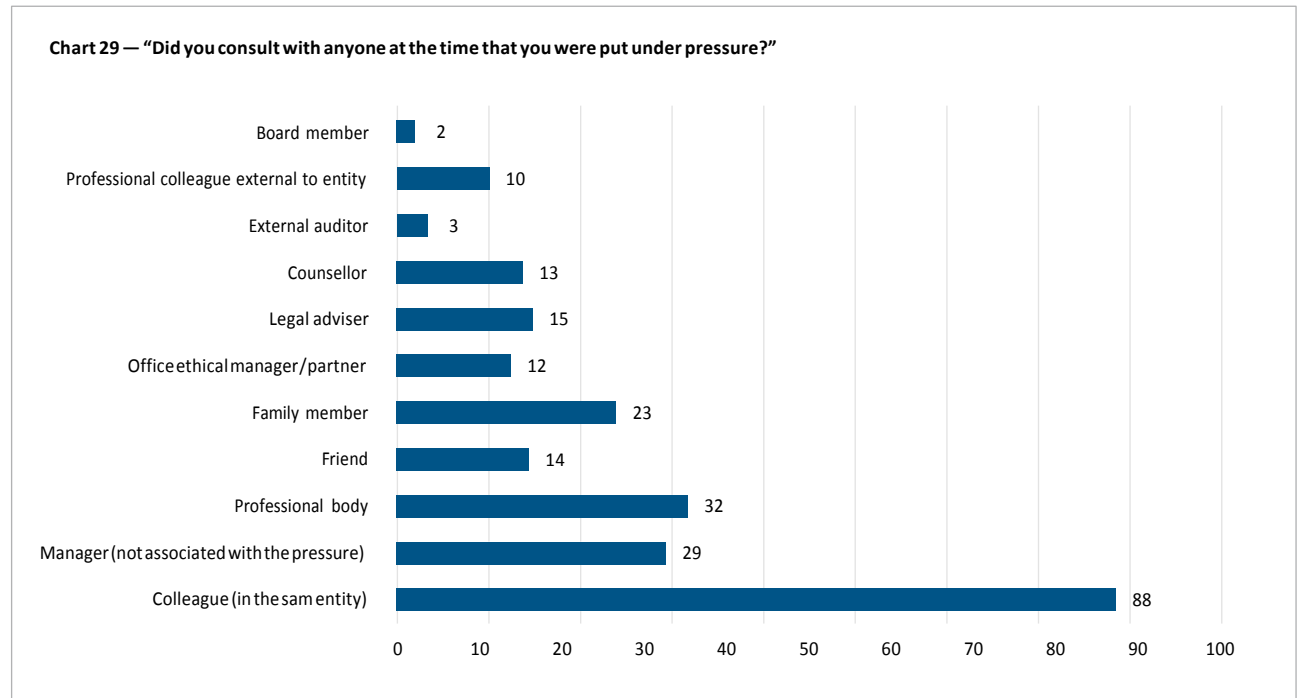
	No	Consulted	Did not consult	Can't remember
Germany	73%	39%	30%	4%
Netherlands	95%	95%	0%	0%
Poland	59%	19%	38%	2%
Portugal	79%	45%	28%	6%
Spain	57%	24%	27%	6%
All others	71%	14%	36%	21%
Total	68%	34%	29%	5%

8.3. Who did you consult?

Whilst it may always be difficult to assess whether consultation ultimately helps or not some insight may be gleaned from identifying who accounting professionals consult in times of need.

There were 241 respondents to this question. As the chart overleaf shows, the vast majority consulted colleagues in the same entity or a manager in that entity that was not associated with the issue. After that, they turned to their professional body for advice.

Of significance is the fact that only in three instances did respondents decide to consult with the external auditor.



8.4. Is the ability to consult helpful?

150 respondents answered the question. Of these, 127 (85%) stated that they believed consultation to be helpful.

That conclusion was supported by comments left by respondents who stated that the consultation:

- Supported the position that was taken in resisting the pressure;
- Provided a third party view of the matter;
- Gave comfort that the decision was well thought through and had been satisfactorily challenged; and
- Ultimately provided a second opinion that the right decision was made.

8.5. Why did some respondents choose not to consult?

Those that decided against consultation seemed to be clear in their minds that the matter was a case of “right” or “wrong.” That is, it was a technical matter that could not be argued against or the issues were so unethical that consultation was deemed unnecessary as professional judgement determined the appropriate way forward.

Others did comment however that as the most senior person they had no one to turn to. In these instances, there would probably be scope for professional bodies to increase their participation. Interestingly some respondents felt that there was no person or organisation to which they could turn.

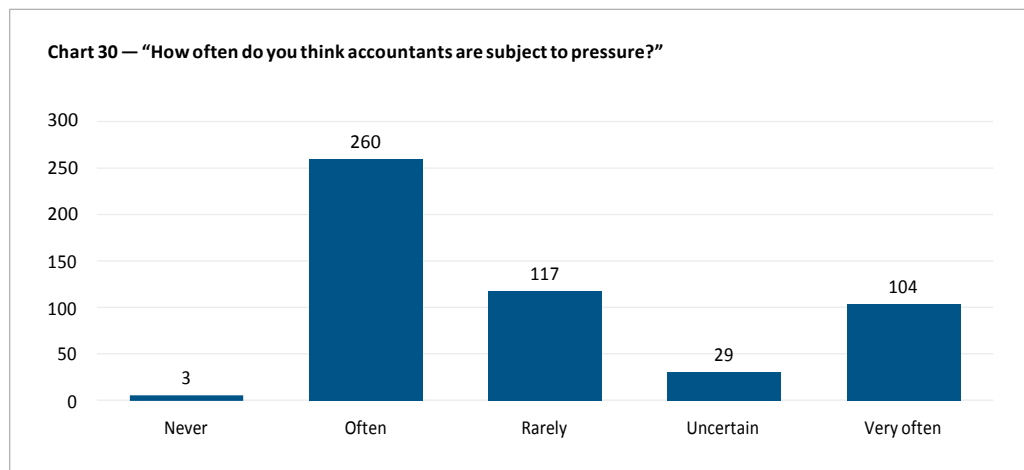
Lastly, some respondents just felt that they were not in a position to disclose the matter to a third party and hence cited confidentiality as the reason why they did not consult with a third party.

9. PERCEPTIONS OF PRESSURE

9.1. How often do you think accountants are subject to pressure?

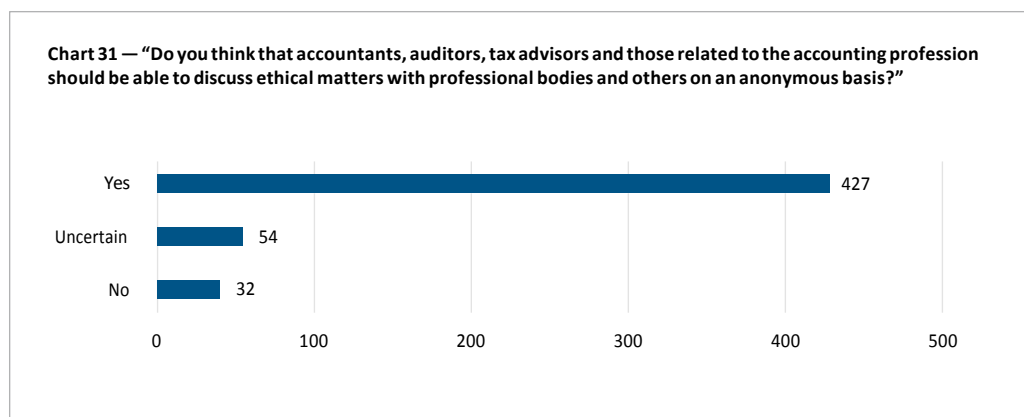
We believed that it would be of interest to ascertain whether there were differences between perception and reality. That is, are accounting professionals put under more pressure than we would consider the case?

We had 513 responses to this question. The conclusions being drawn from our analysis are that perceptions in this instance match the reality; accounting professionals do regularly find themselves under pressure.



9.2. Do you think that accountants, auditors, tax advisors and those related to the accounting profession should be able to discuss ethical matters with professional bodies and others on an anonymous basis?

We also wanted to ask whether the ability to discuss ethical matters with professional bodies and others should be allowed on an anonymous basis?



Respondents overwhelmingly support the premise that accountants, auditors, tax advisors and those related to the accounting profession should be able to discuss ethical matters with professional bodies and others on an anonymous basis.

Several comments were provided to add context to this question. A summary of the common themes is provided below.

Those that answered “Yes”

- Professional organisations can only offer appropriate assistance if all circumstances are revealed;
- Anonymity removes a barrier and makes it more likely that one would consult a professional organisation making it possible to solve conflicts that often arise between professional ethics and the pressure that the profession is occasionally party to;
- Anonymity is necessary because employees are inherently loyal to their employers and such anonymous contact with experts may help to strengthen the employees’ argument and ultimately convince employers of the “correct” path; and
- Anonymity allows for open conversation and confidentiality, which is very important to the profession.

Those that answered “No” or “Uncertain”

- Anonymity may ultimately prove unhelpful because it will prevent the discussion being able to be referred to afterwards if needed; and
- Such matters should always be discussed in a transparent manner, instead of being in a black box.

10. RESPONDENTS' COMMENTS

Several respondents provided additional comments when answering the survey questions as illustrated below.

10.1. Rewards and threats – who exerted the pressure and were you incentivised to succumb to the pressure? (section 6)

Question 12: “Did the person who exerted the pressure on you promise you any reward for succumbing to the pressure and for carrying out their wishes?”

“The client eventually terminated the engagement.”

“The client threatened to terminate the engagement.”

“It was clear that the continuity of the engagement was under threat.”

“An appeal was made to my sensibility. The figures were presented in a more positive light than they really were. The disclosure of the actual poor performance would ultimately have resulted in management being dismissed. Later that week I was offered a job (which I – needless to say – have declined).”

“If I had not agreed, I would have lost my job.”

“Threat of change of auditor.”

“The owner of the company did not propose or promise anything, but suggested that it was beneficial for the company – so indirectly – the company would be able to survive and people would keep their jobs.”

“After a good discussion [he] changed his opinion.”

“The manager in charge was incompetent and had a lower level of knowledge than I despite holding a higher position. For the sake of “peace and quiet” I followed the instructions of this person, indicating on the documents for the file that the way of recording the transaction was the ultimate decision of the manager.”

EFAA and SKwP observation: There is a recurring theme in the comments made by respondents that the engagement would be under threat unless the matter was resolved in the way that the client intended. Some respondents also felt that they would lose their job if they did not act in the way that they were asked to act.

Question 13: “Did the person who exerted pressure on you threaten you in any way (for example, salary reduction, demotion or reduced chance of achieving a promotion, dismissal, other)?”

“Termination of the mandate (indirectly).”

“Ending the commercial relationship.”

“Indirectly, quit as a client.”

“Pressure was the continuity in the professional relationship.”

"Threat to end the audit engagement in one case, in other cases there were no direct consequences mentioned."

"Client implied that they would take their business to another practitioner."

"[He] will go to another firm, and they will do it for him anyway, and they will render accounting services for him far cheaper."

"But you know, others do that. Otherwise, we can stop co-operating."

"It was not explicit. Implicitly, it was the termination of co-operation."

"Not paying for the work to be done if the result was not good for them."

"Yes he clearly stated all the time. [He] was the boss and took the decisions. If you did not agree with anything you were reminded constantly that nobody was essential."

"The client said that I was over auditing."

"No explicit threat, however implicitly there is always some kind of threat involved if pressure is exerted."

"Dismissal."

"I was summarily dismissed on disciplinary grounds, but when I said that I would go to an Employment Tribunal, I was allowed to leave by mutual agreement of both parties. I prepared hand-over reports and submitted them to the secretariat but they were not formally recorded and I did not receive the confirmation of acceptance of these reports."

"If I had not agreed, I would have lost my job."

EFAA and SKwP observation: The above comments summarise some of the practical challenges with the threats often manifesting themselves in some form of financial loss be it practice income or employment.

10.2. Exploring the pressure that was exerted on you and its consequences (section 7)

Question 16: Did you put any arguments forward to prevent being put under pressure? If you answered "yes" please explain what arguments, you put forward.

In all there were over 80 separate comments left by respondents in this section. A selection of individual comments is set out below.

"Legally not allowed."

"Stated the legal situation; explained the legal consequences."

"That those actions were not according to Dutch law."

"Identification of accounting and tax rules."

"I presented my professional point of view to make them realise the reality."

"Doesn't comply with my professional ethos."

"I don't want to suffer the loss of my reputation."

"I called upon the professional accountants' ethics rules."

"I did not admit the pressure. I preferred to lose the client to keep on rendering my services than act in those conditions."

"It is advisable to reflect the fair financial reality because it allows better decision taking."

"Noted the audits by the fiscal authorities and the possibility of being sentenced for tax fraud; mentioned the possibility of resigning from the mandate."

"I stated that I did not don't give assistance to tax fraud; I only work within the framework of what is legally possible."

"If this request is serious, it would be an incitement to tax fraud and I would have to resign from my mandate immediately."

"Violation of tax rules."

"The best argument is always that the business owner needs to know what the "correct" results are so that they can make the best business decisions."

"I presented the future consequences."

EFAA and SKwP observation: Analysis of all comments made was able to identify the following commonly recurring lines of argument:

- Protection of professional reputation was outlined as being the key reason as to why they could not undertake an action;
- Accountants are bound by professional ethics and such actions that run contrary to those should not be undertaken;
- The action requested was not in line with accounting rules or legislation;
- Accounting professionals cannot be associated with tax evasion; and
- Pressure often arises from short-term problems and an accounting professional can often help to resolve these matters by putting them into context so that appropriate decisions can be taken and the business can be sustainable in the long-term.

Question 17: Did you ultimately do as you were asked?

Comments from those that answered "No"

"I did the right thing and continued with my work with full support from my superiors."

"[The] business owners agreed with my arguments, especially when I told them about the costs of liability."

"I have only ever once lost a client because they wouldn't accept our position."

"The long term sustainability of the practice has always been the priority."

"As a consequence, I have lost the client."

"In one case I resigned from the contract. In all other cases I was able to convince the person who was placing me under pressure to change their behaviour or terminate our contract."

Question 17: Did you ultimately do as you were asked?

Comments from those that answered “Yes”

“I had no other choice, because I need the job.”

“I was depending professionally and financially on the practice... I quit later because of ethics.”

“In some instances. When it crossed a line, I left the company.”

“Only once, yes, after agreeing our professional position with the rest of the partners and evaluating the risks of our professional action. In others, we did not surrender.”

“...I am afraid of losing my job.”

“Otherwise – dismissal guaranteed.”

EFAA and SKwP Observation: It seems that there is a price to pay in the short-term for “doing the right thing” but this is well accepted as an action that will ultimately enable the long-term sustainability of the practice or the business in question.

In instances where the accounting professionals performed acts that they knew to be the “wrong thing” they did so because they believed their employment and livelihood to be under threat. When this happened more than once our respondents ultimately ceased employment.

Question 18: “What consequences did you suffer?”

In total there were 247 comments left by respondents. A selection of those comments is provided below.

“Passed over for promotion.”

“Illness.”

“In some cases we were removed as auditors of the company. In others, the professional relationship continued normally.”

“No consequences.”

“The audit report was issued unqualified. In 2014, I quit the audit firm for ethical reasons.”

“Termination of the mandate.”

“The relationship was strained and we lost trust. In the end I resigned from the mandate and separated from the client.”

“I lost the audit.”

“My bosses got very unhappy with my professional performance.”

“My behaviour was remembered.”

“None. I did as I was asked.”

“Loss of clients, professional discredit”.

"Usually, the clients understand the arguments, but one client terminated the agreement after the end of the accounting year."

"Dismissal."

"Nobody detected irregularities, but it has significantly affected my self-esteem. I also live in fear that somebody will detect the "irregularities" that my boss wanted."

"The company has changed the accountant."

EFAA and SKwP observation: For those employed the consequences are often poor promotion prospects, illness, stress or a loss of employment with some extreme results noted such as being bullied in the workplace, and in one instance (not reported above) having to leave the town in which the employee lived.

For those in practice refusal to act in a way that was perceived to be unethical by a client gave way to a termination of the engagement albeit in many cases, it has to be said, that the client accepted the judgement of the accounting professional and there were indeed no consequences of note.

10.3. Other matters

Question 26: Please feel free to add any further comments on your answers, the survey or any particular form of analysis that would interest you.

A selection of comments is provided below.

"It would be interesting to look from a slightly different perspective. Particularly in practice, I wonder how often staff are required to compromise quality in order to meet billing/utilisation targets."

"The word pressure means different things to different people. Is it perhaps subjective?"

"The auditor can only be independent if professional bodies and legislators put into place: 1. Fixed term appointments 2. External rotation. 3. Legal chart of fees."

"It is important that small practices and independent professionals have a voice in professional bodies."

"It would be desirable for politicians and government officials to demonstrate strong ethics and transparency, in order for entrepreneurs and others to follow the example."

"[The survey was] an excellent idea. Thank you for the initiative."

"It would be interesting to see how fiscal authorities deal with businesses and how they exert pressure on them in order to collect revenues. One situation that leads to constant pressure is the numerous deadlines to submit tax declarations."

"If internal auditors would address such matters, it might prove to be valuable support for the profession."

"The independent professional must always be guided by clear and solid principles, and public and private entities must observe these in order to strengthen the profession."

"It would be very interesting to create a base for good ethical practices and professional benchmarking."

11. RECOMMENDATIONS

11.1 Stakeholder's Perspective

The paragraphs below detail some recommendations for stakeholders.

Professional accountancy bodies

- Consultation: Over half of the 291 respondents did not consult with others, albeit 85 % of this sample greatly valued the opportunity to consult with others about the pressure they were under to behave unethically. 32 % of those that did respond consulted their professional body. It would therefore appear that there is an important opportunity for accounting professional bodies to further facilitate and promote a service that encourages their members to use an ethical consultation hub facilitated by the professional bodies.
- It is important that professional accounting bodies consider the nature of the pressure highlighted in this report for accountants to behave unethically. This will ensure that advice, CPD and education can be directed more effectively at the main sources of the pressure.
- Training materials and case studies: The identification of the nature, the perception of pressure and how the others exerted pressure on accountants to behave unethically should be embedded in training material and case studies.

Government and Regulators

- The recognition of the extent and nature of the pressure put on accountants should be considered by Governments and regulators so that regulations and guidance of behaviour in business may be more focused. It is also important that Government and Regulators engage with the accounting profession to address the problems highlighted in this report collectively.

Business Community

- Organisations representing the business community should take into consideration the pressure that is placed on accountants by others highlighting the unethical nature of their approaches. Such acts will be harmful and will create deficiencies in the market which ultimately will be harmful to civil society. The insights from this report may help business organisations to promote good ethical behaviour.

IESBA and IFAC

- The identification of the nature of the pressure to behave unethically should help the IESBA focus on developing standards that address the issues faced by accountants.

11.2. The link between business ethics and ethics in accountancy

The “problem” of professional ethics in accounting and the issue of pressure, which is experienced by professional accountants, is not without a link to the quality of the accounting information and business. Accurate, ethical and transparent systems of accounting are important, not only to the principles of ethics in accounting but also to the education of those people, who are not associated with accounting. Pressure placed on accountants is harmful to business and society as a whole.

11.3. Translation and engagement

As previously noted, the survey was translated from English into Polish, German, Spanish, Portuguese and Hungarian. The vast majority of respondents chose to answer the survey in a language other than English. We believe that this point should prove of interest to standard setters and legislators in their aims to increase feedback and engagement.

ABOUT THE AUTHORS



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Marie Lang has been overseeing EFAA's technical work for 5 years and represents EFAA at the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) Consultative Advisory Groups (CAGs) as well as being a past member of European Commission Expert Groups on SME Accounting and Transfer of Business.



Anna Karmańska is a professor in economic sciences. She conducts scientific and didactic work in the area of accounting at the most prestigious economic university in Poland: SGH Warsaw School of Economics. Anna Karmańska was the Prorector and Head of the SGH Senate Program Commission, and is currently serving as Director of the Institute of Accounting at SGH. She received a Ministerial Award and a Medal of the Commission of National Education for her academic work, served as advisor to the Head of the Insurance and Pension Funds Supervisory Body, as member of the Polish Accounting Standards Committee, and as independent member of the Audit Commission to the Minister of Justice.

Since 2006, Anna Karmańska has been the Chair of the Ethics Commission to the Main Board of the Accountants Association in Poland and a Vice Chair of its Scientific Council. From 2012 to 2015, Anna Karmańska was a Board Member of EFAA.



Robin Jarvis is professor of accounting at Brunel University, London.

Prof. Jarvis has worked on SME issues with the International Accounting Standards Board (IASB), the International Federation of Accountants (IFAC) as well as the European Financial Reporting Advisory Group (EFRAG) and focuses his research on the Accounting/SME nexus. He serves as a Special Advisor to EFAA.

APPENDIX 1, EFAA SURVEY – ACCOUNTANTS AND AUDITORS UNDER PRESSURE

This appendix reproduces the text used in the online survey.

Overview of the survey – Why complete it?

This survey seeks to assess the extent to which accountants and those in the accounting profession are subject to pressure.

The survey asks you to share with us your experience on instances when you have been put under pressure in the work place.

We also wish to identify any trends or patterns associated with the incidence of pressure. We hope to be able to share our findings with ethical standard setters and professional bodies to inform the development of ethical codes as the issue of pressure pertains to threats and safeguards. Additionally, we hope that this may inform the debate on the societal role of the accountant.

The European Federation of Accountants and Auditors for SMEs (EFAA) is an umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services to SMEs within the European Union and Europe as a whole.

The Accountants Association in Poland (Stowarzyszenie Księgowych w Polsce, SKwP) was founded in 1907 and is one of the oldest accounting organisations in Europe and the largest in Poland. The SKwP Ethics Commission is responsible for the introduction and implementation of a Code of Ethics that is addressed to Polish accountants and financiers. This document, the first of its kind in Poland, is addressed to accountants acting in the public interest. The Code (in Polish, English, German, French and Russian) regulates the status of the person dealing with accounting, places limitations on performing certain accounting functions and includes general ethical rules that underpin the accounting profession.

In 2011 the Ethics Commission of SKwP developed and conducted a survey of Accountants under pressure. To date, this has been answered by almost 1,500 respondents.

SKwP and EFAA want to collate and understand the views and experiences of accountants (principally SMPs), their clients (typically SMEs) and those who work in related professions in respect of pressure and its effect.

More information on EFAA and SKwP is given at the end of this questionnaire. Alternatively you can refer to the EFAA and SKwP websites as follows: <http://www.efaa.com> and <http://www.skwp.pl>.

You do not have to complete the entire survey. You can choose to complete the sections that are of most interest and relevance to you.

The results of the survey will be presented as statistical data only. Your individual responses will not be released.

All data collected is confidential.

We ask for 15 minutes of your time.

If the line length of the text on this or subsequent pages of the survey is too long, please resize your browser window.

Brief international context

The International Ethics Standards Board for Accountants (IESBA, the Ethics Board) is an independent standard-setting body that serves the public interest by setting robust, internationally appropriate ethics standards. These are compiled in the Code of Ethics for Professional Accountants (the Code).

At its meeting in March 2013, the IESBA approved a project to review Part C of the Code, including that priority attention be given to the following topic areas:

- Pressure by superiors and others to engage in unethical or illegal acts (Pressure);
- The responsibility of professional accountants in business (PAIBs) to produce financial reports that are faithful representations of the economics of transactions, and associated matters (Faithful Representation); and
- Facilitation payments and bribes (Inducements).

More information on IESBA and its work can be found at <http://www.ifac.org/ethics>.

About you

The first few questions ask for information that we can use to analyse the results. An email address is requested to give extra authority to the results and to allow you to choose at the end of the survey to have a summary of the results emailed to you.

EFAA guarantees you anonymity. We will not attribute responses to individuals.

1. Please provide your email address
2. Are you male or female?
 - Male
 - Female
3. How old are you?
 - Under 30
 - 30 to 39
 - 40 to 49
 - 50 to 60
 - Over 60
4. Which of the following best describes your current role?
 - Accountant in practice
 - Accountant in business
 - Bookkeeper in practice
 - Bookkeeper in business
 - Internal auditor
 - External auditor
 - Tax advisor in practice
 - Tax advisor in business
 - External consultant
 - Other (please specify)

5. How many years' experience have you in your role as accountant/auditor/bookkeeper or as a member of the accounting profession (including training)?
- Up to 1 year
 - 1 to 5 years
 - 6 to 10 years
 - Over 10 years
6. In which country are you currently employed?
- | | |
|--|---|
| <input type="checkbox"/> Albania | <input type="checkbox"/> Lithuania |
| <input type="checkbox"/> Andorra | <input type="checkbox"/> Luxembourg |
| <input type="checkbox"/> Austria | <input type="checkbox"/> Macedonia |
| <input type="checkbox"/> Belarus | <input type="checkbox"/> Malta |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Man, Island of |
| <input type="checkbox"/> Bosnia | <input type="checkbox"/> Moldova |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Monaco |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Montenegro |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Netherlands |
| <input type="checkbox"/> Czech Republic | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Poland |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Faroe Islands | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Finland | <input type="checkbox"/> Russia |
| <input type="checkbox"/> France | <input type="checkbox"/> San Marino |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Serbia |
| <input type="checkbox"/> Gibraltar | <input type="checkbox"/> Slovakia |
| <input type="checkbox"/> Greece | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Guernsey and Alderney | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Hungary | <input type="checkbox"/> Svalbard and Jan Mayen Islands |
| <input type="checkbox"/> Iceland | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Ireland | <input type="checkbox"/> Switzerland |
| <input type="checkbox"/> Italy | <input type="checkbox"/> Turkey |
| <input type="checkbox"/> Jersey | <input type="checkbox"/> Ukraine |
| <input type="checkbox"/> Kosovo | <input type="checkbox"/> United Kingdom |
| <input type="checkbox"/> Latvia | <input type="checkbox"/> Vatican City State (Holy See) |
| <input type="checkbox"/> Liechtenstein | <input type="checkbox"/> Other (please specify) |

Investigating the incidence of pressure

This section investigates the incidence of pressure and tries to determine if there are any trends and patterns that can be identified about:

- the occurrence of pressure;
- the type of pressure exerted;
- the persons likely to exert pressure;
- the entities in which pressure is most likely to be noted;
- the ultimate consequences of pressure; and
- the ability or likelihood to consult with another person or a body when one is put under pressure.

7. Have you ever been put under pressure during your professional career to act contrary to (1) your professional ethics or (2) to tax and / or accounting legislation?
- Yes – I have been put under pressure
 - No – I have not been put under pressure

8. How many times have you been put under pressure?

- 1
- 2
- 3
- 4
- 5 or more

The capacity in which you were acting when you were put under pressure

This section tries to gain insight by asking you to share your experience from one of the instances, or the only instance, that you found yourself being put under pressure.

We would like to ascertain exactly what your role was at that time.

- What was your role when you were put under pressure?
- Accountant in practice
- Accountant in business
- Bookkeeper in practice
- Bookkeeper in business
- Internal auditor
- External auditor
- Tax advisor in practice
- Tax advisor in business
- External consultant
- Other (please specify)

Who exerted the pressure?

This section seeks to determine the capacity in which the person or persons that were placing pressure on you were acting.

When you found yourself under pressure, who exerted that pressure?

- Colleague / fellow employee of similar seniority
- Line Manager
- Director / Board member
- The owner of the business or practice in which you work
- A client of the business or practice in which you work

Who exerted the pressure and were you incentivised to succumb to the pressure?

This section seeks to ascertain whether the person who exerted the pressure was responsible for the accounting information and whether you were motivated to succumb to the pressure.

9. Was the person who exerted pressure on you responsible for financial or accounting matters?

- Yes
- No

10. Did the person who exerted the pressure on you promise you any reward for succumbing to the pressure and for carrying out their wishes?

- Yes
- No
- Uncertain

Please explain your answer further if you wish.

11. Did the person who exerted pressure on you threaten you in any way (for example, salary reduction, demotion or reduced chance of achieving a promotion, dismissal, other)?

- Yes
- No
- Uncertain

Please explain your answer further if you wish.

In which type of entity were you working in or engaged with when the pressure was exerted?

This question seeks to assess whether a person is more likely to suffer from pressure depending on the type of entity they are working in or engaged with.

12. Please provide the legal form of the entity in which you were employed or for which you were working when you experienced pressure:

- Partnership
- Limited liability partnership
- Sole trader
- Limited liability company
- Listed company
- Government body
- Not for profit organisation
- Other (please specify)

Exploring the pressure that was exerted on you and its consequences

This section seeks to address the type of pressure that was applied and in doing so asks about the context of what you were being asked to do, i.e. the objective of or the purpose of the pressure.

13. Please provide some information about the actions that you were asked to take when pressure was being exerted on you:

- Postponing the recognition of costs and expenses (understating costs and expenses)
- Overstating expenses (accounting for fictional expenses or accounting for expenses early)
- Accelerating the recognition of income (overstating income)
- Non recognition of income or sales (understatement of income)
- Manipulation of depreciation and amortisation
- Manipulation of long term contract measurement
- Accounting for repairs as capital expenditure
- Creating excessive provisions in order to be able to release them to profit in subsequent periods
- Enabling the payment of cash wages to persons who were not correctly registered as employees
- Amortising costs that should have been immediately expensed
- Categorising personal expenses incurred by employees, directors, or shareholders as company expenses
- Manipulating the value of inventories
- Accounting for items in a way that deliberately changed the manner in which the item was treated for tax purposes

Please explain your answer further if you wish.

14. Did you put any arguments forward to prevent being put under pressure?

- Yes
- No

If you answered "yes" please explain what arguments you put forward

15. Did you ultimately do as you were asked?

- Yes
- No

Please explain your answer further if you wish.

16. What consequences did you suffer?

Exploring consultation at the time pressure was being applied

This section seeks to determine whether you consulted with another person or a professional body at the time you were put under pressure.

17. Did you consult with anyone at the time that you were put under pressure?

- Yes
- No
- I do not remember

Please explain your answer further if you wish.

Who did you consult?

This section seeks to identify the most likely person or body to be consulted during the time that pressure is being exerted.

18. Who did you consult?

- Colleague (in the same entity)
- Manager (not associated with the pressure)
- Professional body
- Friend
- Family member
- Trade union official
- Office ethical manager/partner
- Legal Advisor
- Counselor
- Other (please specify)

19. Was the consultation helpful to you?

- Yes
- No

Please provide further information if you wish.

If you did not consult anyone

20. Please explain why you did not consult anyone

Perceptions of pressure

This section seeks to determine the perception that accountants are put under pressure.

21. How often do you think accountants are subject to pressure?

- Very often
- Often
- Rarely
- Never
- Uncertain



22. Do you think that accountants, auditors, tax advisors and those related to the accounting profession should be able to discuss ethical matters with professional bodies and others on an anonymous basis?

- Yes
- No
- Uncertain

Please explain your answer further if you wish.

[A thank you and about EFAA and SKwP](#)

Thank you for completing this survey.

Your views are important to EFAA and SKwP and we will present them to interested stakeholders.

About EFAA

EFAA was founded in 1994. It represents accountants and auditors providing professional services primarily to SMEs both within the European Union and Europe as a whole. Its constituents are mainly SMPs including a significant number of sole practitioners. SMPs are also SMEs as they provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to other SMEs. EFAA has member bodies throughout Europe representing over 250,000 accountants and auditors.

SMPs are European SMEs' most important business advisors. They help entrepreneurs gain access to finance and provide valued business advice allowing them to grow their businesses in a sustainable manner. An important characteristic of SMEs is that most of their business relations are based on very close personalised cooperation and mutual trust. Hence, their accountants and auditors need to provide targeted services to accommodate the individual needs of SMEs and of the users of their financial statements.

Most of the accounting and auditing rules and standards are set up at EU or International level, and are often inspired by large companies and oriented towards their needs. This is why EFAA strives to redress this imbalance and better represent the interests of SMEs and SMPs by providing the regulators with an in-depth knowledge and perspective of small businesses. Visit <http://www.efaa.com> to learn more about EFAA.

About SKwP

The Accountants Association in Poland (Stowarzyszenie Księgowych w Polsce, SKwP) was founded in 1907. It is one of the oldest accounting organisations in Europe and the largest in Poland. The SKwP Research Council (established by the Board) consists of 12 technical commissions composed of academics from accounting departments of Polish universities. The key objectives of this Council are to initiate and perform academic research to ensure progress in accountancy and related areas. In addition, the Board established the Ethics Commission. To date its major achievement has been the introduction and implementation of a Code of Ethics that is addressed to Polish accountants and financiers. Visit <http://www.skwp.pl> to learn more about SKwP.

23. Would you like to receive an emailed copy of a summary of the results of the survey?

- Yes
- No

24. Please feel free to add any further comments on your answers, the survey or any particular form of analysis of the results that would interest you.

Thank you again for your time. We value your input.

APPENDIX 2, ETHICS: A BIBLIOGRAPHIC RESEARCH

Aim of bibliographic research

A bibliographic study of academic literature is presented below. It was inspired by the intention to identify some regularities concerning academic research in the area of ethics with the account of a longer-term research horizon – over 100 years. It might be interesting to observe academic trends presented on the timeline and linked with economic and geopolitical conditions, which may constitute information about changes not only in economic conditions, but also in human beings.

The aim of the bibliographic research was to determine with what intensity – over one century – studies on ethics in business with relation to accounting were conducted, and whether this intensity may suggest some extraordinary phenomenon requiring further research or a phenomenon that is abating.

Assumptions of bibliographic research

The bibliographic research is based on the following assumptions:

- i. The whole diversity of academic publications was searched, i.e. journals and books included in the Emerald Fulltext database. This is a database that contains full texts of European academic publications. It provides access to full texts of journals and books (including e-books) mainly those in the area of management and marketing, accounting and finance as well as other areas of social sciences, including education.
- ii. Two keywords, adequate to the subject of the presented paper, were used to search the base: business ethics and accounting. These keywords were used simultaneously during searching. Therefore, the search results characterize the intensity of research in the area of business ethics and accounting.
- iii. The search (for each of the periods indicated and each criterion) was conducted in two directions. Firstly, all the sources (with their full characteristics, content of abstracts and full texts of publication) were studied in terms of keywords determining the scope of search. Secondly, all the sources were studied once again but only in the scope of their abstracts. The second search aimed to determine to what extent the academic works referred to search criteria were very strongly or strongly focused on the problem determined by these criteria.
- iv. The periods searched were determined intentionally and on the basis of expert knowledge so that they could give a good understanding of the intensity of research and academic publications in the area of bibliographic search.

Summary of bibliographic findings

The search was conducted for the period from the moment the EMERALD base was established, i.e. from 1898 until the end of 2015 with 2016 mentioned in the final conclusions.

The period covered by the study (119 years) was divided on the basis of expert knowledge into four sub-periods:

- 1898–1998 (covering 101 years); this long period was chosen to act as a reference point for intensity observed in less distant periods;
- 1999–2004 (6-year period, which is treated here as a period at the turn of 20th century and because of its symbolic meaning it will be used in comparative analysis);
- 2005–2010 (6-year period, limited by “round dates” and closing the first decade of the 21st century, including experiences before and during the crisis); and
- 2011–2015 (5-year period, starting the second decade of the 21st century, when we observe the intensification of the idea of sustainable development).

The findings of the bibliographic study in the periods described above are presented in Table A. To diagnose the most topical academic trend in the area of business ethics related to accounting, also the period of 2011–2015 was searched. The results of this search are presented in Table B.

Table A. Quantitative findings of the bibliographic study in the periods distinguished

Criteria and search period		From the beginning until 2015		One century–XX		6 years XX/ XXI		6 years XXI century		5 years XXI century	
		1898–2015*	1898–2015**	1898–1998**	1898–1998**	1999–2004*	1999–2004**	2005–2010*	2005–2010**	2011–2015*	2011–2015**
business ethics; accounting	A/CH	17011	529	2838	49	2842	67	5348	194	5983	219
	CS	81	5	1	0	1	1	14	0	65	4
business ethics; accounting, pressure	A/CH	10347	42	2073	6	1865	7	2995	12	3414	17
	CS	41	0	0	0	1	0	11	0	29	0
business ethics; accounting, frauds	A/CH	1988	27	316	3	397	5	640	12	635	7
	CS	14	0	0	0	0	0	3	0	11	0
business ethics; accounting, bankruptcy	A/CH	1202	8	250	0	269	4	342	2	341	2
	CS	8	0	0	0	0	0	3	0	5	0
business ethics; accounting, education	A/CH	11277	89	2010	12	1870	8	3449	29	3948	40
	CS	65	1	0	0	0	0	11	0	54	1

*anywhere, **abstracts, A/CH — Articles and Chapters, CS — Case Studies

Source: own elaboration on the basis of the bibliographic analysis of EMERALD. Access: <https://brama.sgh.waw.pl> (2016-04-10).

Table B. Findings of the bibliographic study in the years 2011–2015

Criterion and search period		2011*	2011**	2012*	2012**	2013*	2013**	2014*	2014**	2015*	2015**
business ethics; accounting	A/CH	1087	52	1153	47	1183	39	1246	48	1314	33
	CS	15	2	10	0	16	1	14	1	10	0

*anywhere, **abstracts, A/CH — Articles and Chapters, CS — Case Studies

Source: own elaboration on the basis of the bibliographic analysis of EMERALD. Access: <https://brama.sgh.waw.pl> (2016-04-10).

Comparative analysis of quantitative bibliographic findings

The comparative analysis of the above quantitative findings allows us to notice features and trends which are presented below.

Firstly: the turn of the 20th century was exceptional.

In the period of only six years at the turn of the 20th century, 2,842 more publications were issued that referred to ethics in business connected with accounting, than during the previous 100 years (2,838).

The annual average number of publications during this period was 474, while during the previous century it was 28. At the turn of the century, annual publishing activity referring to ethics in business connected with accounting intensified 17 times compared to the years preceding this time.

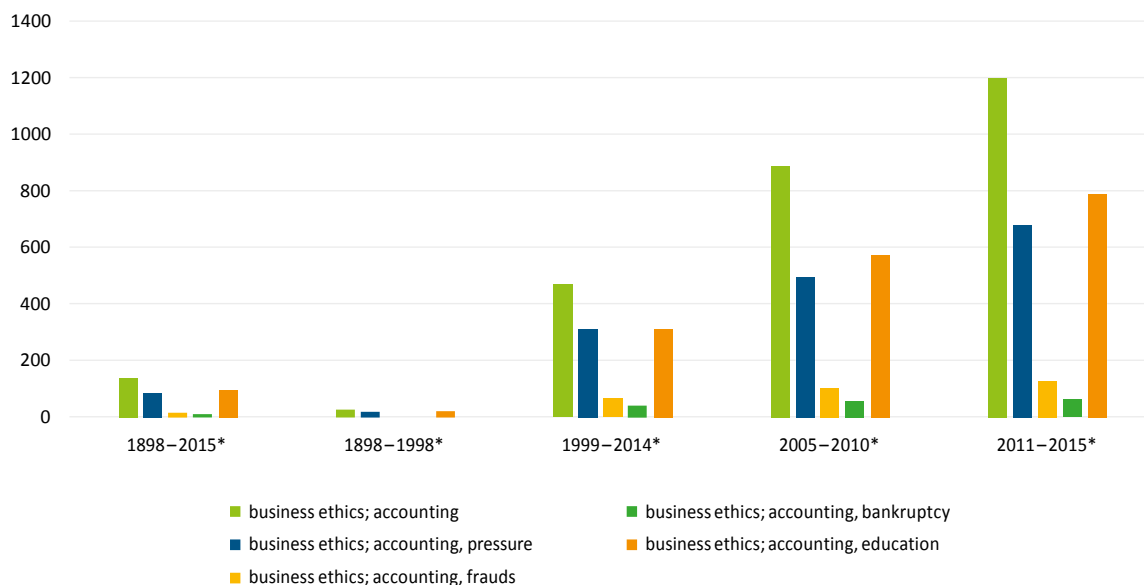
In the case of ethics in business connected with accounting and additionally with the issues specified below, the statistics are also interesting:

- the problem of **pressure** was mentioned in 1,865 publications (annual average is 311 publications), while throughout the previous 100 years there were 2,073 such publications (annually on average 21);
- at the turn of the century, the problem of **fraud** was mentioned in 397 publications (so annual average was 66 publications), while these issues were mentioned in 316 publications during previous 100 years (annually on average in 3 publications);
- the problem of **bankruptcy** was touched upon at the turn of the century in 269 publications (annually on average in 45 publications), while during previous 100 years there were 250 such publications (which means that the above problem appeared on average in 2 publications annually);
- **education** was referred to in 1,870 publications at the turn of the century (annually on average in 312 publications), while during previous 100 years – in 210 publications (annually on average 20 publications).

The above statistics allow us to appreciate that the problem of ethics in business connected with accounting has started increasing very clearly since the beginning of 21st century. It applies also to each of the special aspects (pressure, fraud, bankruptcy and education) as analysed in the presented bibliographic study.

The pace of this “increase” is significant as shown in fig. 1.

Fig. 1 — Publishing intensity related to ethics in business connected with accounting and special issues



Search in: *anywhere, **abstracts

Source: own elaboration on the basis of the bibliographic analysis of EMERALD. Access: <https://brama.sgh.waw.pl> (2016-04-10).

Analysing the above problem further, one can notice that during the last century among all academic works dedicated to ethics in business connected with accounting only a little over 1.5% (1.73%) of them were especially focused on this problem. (This figure was calculated on the basis of the analysis of abstracts, which generally contain key problems being in the centre of the whole academic elaboration.)

The percentage is not very big, so we can conclude that the problem of ethics in business connected with accounting was not considered a hot topic back then in academic research. Nevertheless, only a few years later the situation began to change. In the breakthrough six-year period, the percentage of publications more strongly dedicated to the issue of ethics in business connected with accounting reached nearly 2.5% (2.36%) of all works from this breakthrough period referring to this issue.

What does it mean? At the turn of the 20th century, the intensity of research and academic inquiries concerning the subject of ethics in business connected with accounting is unprecedented. Although these problems were analysed in the period of the whole previous century, it was not as vigorous as at the turn of the century.

Secondly: the next two periods in the 21st century show interesting features.

In 2005 – 2010 (in the second half of the first decade of the 21st century), the intensity of academic work in the above field reached nearly 200% of the publishing activity from the period at the turn of the 20th century. In the second decade of the 21st century (2011 – 2015), the academic dynamics compared to the reference period (the one from the turn of the century) was even higher and amounted to 211%.

We can state that, starting from 2005, the problem of ethics in business connected with accounting has attracted the interest of academics. Further statistics confirm this observation even more clearly. This is symbolically presented on the next figures (see: fig. 2–6).

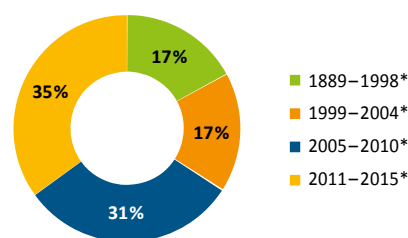
Every time the structure of publications on ethics in business connected with accounting is studied, narrowed by additional category (pressure, frauds, bankruptcy and education), analogical regularity occurs. In the period studied (1898 – 2015, i.e. 119 years) over (and in only one case nearly) 60% of all academic works concerning different ethical problems connected with accounting were issued in the last 11 years (i.e. from 2005 to 2015).

This observation speaks a lot about the increasing significance of professional ethics in accounting. It indicates also fields, in which professional ethics in accounting nowadays plays more and more of an important role.

It is worth noticing that the problem of pressure (in the aspect of ethics in business connected with accounting) in academic research has got significantly more intense since 2005 and continues to gather pace. The problem of fraud and bankruptcy was intensified in academic research also in the period of 2005 – 2010, but recently it has showed some stabilization.

However, the field of education, connected with business in ethics and accounting, draws

Fig. 2 – The structure of publications in 1898 – 2015 referring to business ethics and accounting



Search in: *anywhere, **abstracts
 Source: own elaboration on the basis of the bibliographic analysis of EMERALD.
 Access: <https://brama.sgh.waw.pl> (2016-04-10).

more of our attention. The share of publication in this field from the period of 2005–2010 is two times higher than the share of such publications at the turn of the century. The similar share can be noticed in the subsequent period (2011 – 2015). This is irrefutable evidence of the fact that education concerning ethics in business connected with accounting is currently a highly topical issue.

Additionally, the above observation could be enforced with a simple comparison:

- in the last 100 years 27 publications concerning business ethics and accounting were issued on average annually, 2 publications per month;
- at the turn of the century (the breakthrough six-year period)–**474 on average annually**, 40 publications per month;
- from 2005 to 2010 – **891 on average annually**, 74 publications per month,
- from 2011 to 2015 – **1197 on average annually**, 100 publications per month;
- in 2016 by 2016-04-17 already **387** publications were issued, included in the analysed base and dedicated to the issues mentioned above. It means that 107 publications referring to the field of ethic in business connected with accounting were issued per month.

The next figure also presents an interesting trend (see: fig 7 on the next page).

Academic activity referring to ethics in business connected with accounting resembles a roller coaster.

Thirdly: the context in which the causes of the results obtained in the course of the bibliographic research are analysed is complex and requires a separate diagnosis of causal factors.

Against this background, separate inquiries and analysis may concern the pursuit of specification of factors which has appeared relatively recently and still appears and which could significantly contribute to the findings. These factors lie in the sphere relating to the issues of globalization and changes in economic and political conditions, in the

Fig. 3 – The structure of publications in 1898–2015 referring to business ethics connected with accounting and pressure

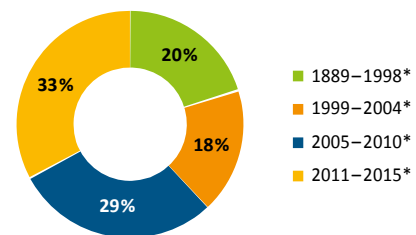


Fig. 4 – The structure of scientific publications in 1898–2015 referring to business ethics connected with accounting and frauds

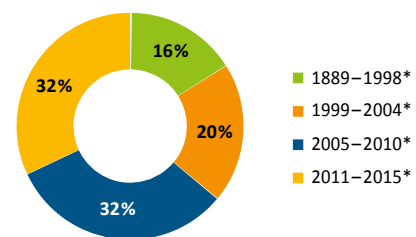


Fig. 5 – The structure of scientific publications in 1898–2015 referring to business ethics connected with accounting and bankruptcy

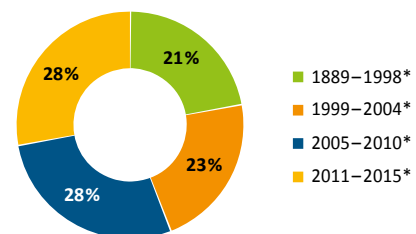
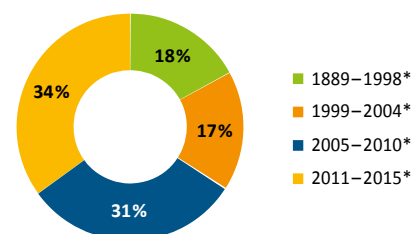


Fig. 6 – The structure of scientific publications in 1898–2015 referring to business ethics connected with accounting and education

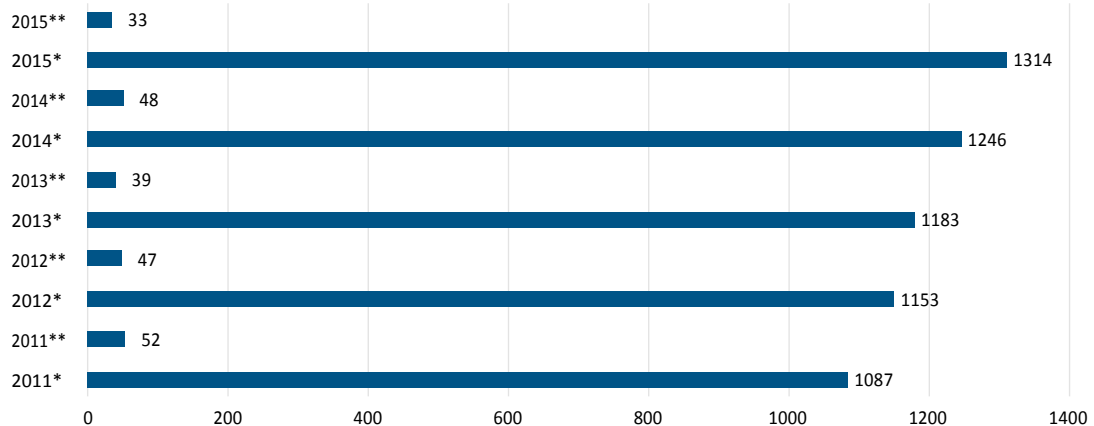


Search in: *anywhere, **abstracts

Source: own elaboration on the basis of the bibliographic analysis of EMERALD.

Access: <https://brama.sgh.waw.pl> (2016-04-10).

Fig. 7 — Publishing intensity concerning the problem of ethics in business connected with accounting in the period of 2011–2015



Search: *anywhere, **abstracts

Source: own elaboration on the basis of the bibliographic analysis of EMERALD.

Access: <https://brama.sgh.waw.pl> (2016-04-10).

experience of a crisis situation, as well as in behavioural and sociological areas relevant to business operation. Finally, not insignificant were the actions undertaken within the global accounting policy, which were expressed in the standardization of accounting and introduction of the solutions referring directly to professional judgement, true and fair view and other concepts, respecting of which in business requires a strong moral backbone.

However, this area of inquiries goes beyond the framework of this paper. It is mentioned here to create a holistic background, relevant to the possible further explanation of very high dynamics related to academic activities around ethics in business connected with accounting.

Ethics versus development

The broad context for ethics in accounting is determined by ethics in business. Frauds and corruption, if confirmed in practice, evidently proves the lack of ethics. Simultaneously, some people focus on financial aspects, which can relate to them and in which accounting can have its share to some extent.

The research on fraud and corruption in business conducted by Ernst and Young in 2015 in 38 countries of Europe, Middle East, India and Africa revealed the following:^[6]

1. The costs of unethical conduct are higher than ever, and despite this fact, employees are willing to take the risk of unethical behaviour.
2. The pressure to achieve growth and development of new possibilities to generate income, which makes teams and individual employees take risks and behave unethically, may be partially responsible.
3. The results of the research show the truth about the man: everybody likes doing business with people they trust. Those companies considered to have high ethical standards more often increase their income because it turns out that the increase of income may be gained thanks to good ethical standards. The observance of such standards is not a barrier. It is a key element to sustainable success.

^[6] See detailed statistics in the course of the research in: Fraud and corruption – the easy option for growth? Economic fraud survey, EY, 2015, pp. 2, 4, <http://www.ey.com/UK/en/Services/Assurance/Fraud-Investigation---Dispute-Services/EY-EMEIA-Fraud-Survey> (access: April 2016).

4. In the context of tone at the top it can be observed that managers overestimate their influence on disseminating principles of ethics in their company. Therefore, this fact can put them off guard.
5. In direct reference to ethics, the areas subject to the biggest frauds are usually:
 - presentation of losses in new business entities, which usually is not transparent;
 - presentation of better financial results than those really achieved;
 - late issuance of invoices;
 - earlier accounting for rebates given by suppliers;
 - earlier recognition of income;
 - not reporting all costs during the previous year.
6. Unethical practices can be prevented by the proper implementation and use of instruments for managing ethical programmes.
7. The scale of risk of fraud and corruption is still alarming, and companies cannot effectively reduce this risk. They often do not have any policies in place.
8. In future, our business environment will probably be even more difficult – taking into account uncertainty resulting from political events and changes in economic sanctions. Such situations may encourage fraud and corruption, but with more decisive enforcement of ethical standards in business by regulators the costs of unethical behaviour will be even higher.

Pressure versus ethics

Intensification of research in the scope of ethics in business connected with accounting requires intensification of promotion of their results. It lies in the interest of all stakeholders of a business. The synthetic bibliographic research presented here shows the increasing significance and need of research in the scope of ethics in business connected with accounting. It means that the problem of ethics in accounting is not only important but it is getting more and more important. Thus, it requires the attention of all parties to prevent common practices of unethical behaviour in business.

With the above in mind, we conclude that the empirical research, concerning the pressure evident in business on accounting practitioners, presented in the body of this report is consistent with these needs.

In our opinion, this research may constitute a kind of manifesto sensitizing to an essentially unethical phenomenon which is unacceptable in business, harmful to the accountancy profession and, above all, harmful to the image of a professional accountant, a trustworthy person, independent in his judgements and actions, which are important to the broadly understood effects of his professional work.

The aim of this report is to make the business environment aware such that those close to accounting practitioners:

- notice unethical actions in business, which can be defined as pressures exerted by those managing businesses, and
- are alert to practices which are negative and destructive to the professionalism of accountancy.

These are the actions which usually originate outside the community of accounting practitioners, but end up in accountancy.

Undoubtedly, these are not results of economic decisions, whose financial effects are reflected in the information system of accounting. They are caused by the pressure exerted on accounting practitioners, the increase of which may destroy many efforts aimed at supporting professionalism not only in accountancy but also in other business areas.