

Accountants and Auditors Under Substantial Pressure to Act Unethically

Finance professionals stress the need to acknowledge realities, to provide support for professionals under pressure, and keep up the high professional standards.

Brussels, February 9th, 2016 – Experts from the accountancy and auditors sector gathered at the European Parliament to discuss the significant pressure put on finance professionals to act unethically.

A survey conducted by the [European Federation of Accountants and Auditors for SMEs](#) (EFAA) and the [Accountants Association in Poland](#) (SKwP) revealed that accountants, auditors and tax advisors experience significant pressure to, amongst other things, manipulate financial statements.

Since the Enron and WorldCom scandals, legislators and industry organizations have implemented additional measures to help avoid unfair business practices and foster ethical behavior amongst finance professionals. The EFAA survey “[Accounting and Ethics: Pressure Experienced by the Professional Accountant](#)” took stock of the realities facing finance professionals today. 622 European accountants, auditors and tax advisors answered the survey, which was made available in five languages. 64% of respondents said they were put under pressure to act unethically or against regulations at least once in their careers, of which more than 50% say they were put under pressure 5 times or more. Pressure comes from clients, business owners, or managers, and in 72% of cases comes from a person not responsible for accounting or finance. 68% of respondents say they ultimately refused to do as asked, with 32% saying they did, often citing obvious threats aimed at ensuring their compliance (*'If I had not agreed, I would have lost my job'; 'The client threatened to terminate the engagement'*).

The results of this research were presented at the European Parliament on invitation of MEP Manuel dos Santos (S&D, Portugal). Mr dos Santos and EFAA President Bodo Richardt provided an introduction for the presentation of the findings by two of the authors, EFAA Special Advisor Marie Lang and Professor Anna Karmańska of the Warsaw School of Economics and SKwP Expert. After the presentations, Richard Fleck, Deputy Chair of the International Ethics Standards Board for Accountants (IESBA) moderated a panel discussion of the aforementioned participants, as well as renowned business ethics expert Paul Dembinski from the University of Fribourg and Glenn Collins, Head of Technical Advisory, ACCA.

“The trust of businesses and the government in the financial statements that we produce is what makes our work essential for the functioning of any economy” said EFAA President Bodo Richardt during the opening of the event in European Parliament, summarizing the concerns of the industry representatives. “We therefore have to recognize that the pressure to act unethically exists and that we as a profession have to address it together with the business community and legislators.” In her presentation Anna Karmanska stated that “manipulating financial performance reports – either wrongly or else obeying the letter of the law but not the spirit – inevitably effects the way authorities, customers and markets interact with businesses today and in the future”.

“Training and support mechanisms offered by professional organizations have proven to be especially crucial to fight ethical pressure on accountants and auditors”, said Richard Fleck, Deputy Chair of the International Ethics Standards Board for Accountants (IESBA). “As economies become more complex, the importance of corporate culture and personal ethics clearly increase”. Professional bodies are now looking at ways to support their members in making the right decision, and promote a more available

system that allows professionals to consult with their professional bodies when faced with ethical dilemmas. At the same time the panel highlighted the responsibility of businesses to promote cultural change and of legislators to consider the reality of pressure in their endeavors.

“Strengthening personal skills, providing access to education and information and working with actors along the value chain to establish a strong ethical corporate culture are important pillars of our work today”, said Bodo Richardt, President of EFAA during the closing of the panel discussion.

Other Articles About This Issue

1) IFAC Global Knowledge Gateway: “[Under Pressure](#)”; Jarvis, Robin; Karmańska, Anna; Lang, Marie.

A summary of the findings and short biographies of the authors of the study on the Global Knowledge Gateway of the International Federation of Accountants (IFAC).

2) ACCA Accounting and Business Magazine: “[Research among accountants across Europe has revealed the extent to which they come under pressure to act unethically – and how likely they are to succumb](#)”; Perrin, Sarah.

A summary of the findings and subsumption of the implications by AB Magazine contributor Sarah Perrin.

About EFAA

The European Federation of Accountants and Auditors for small and medium-sized enterprises (EFAA) is an umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services primarily to SMEs in Europe. EFAA has 17 members throughout Europe and represents more than 360,000 accountants, auditors, and tax advisors on their behalf in Europe and beyond.

SMEs are the back bone of Europe’s economy and Small and Medium-sized Accounting, Auditing and Tax Advisor Practices (SMPs) are their most important business advisors. They help entrepreneurs gain access to finance, and they provide valued business advice allowing them to grow sustainably.

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 SMPs through our strategy to inform – advocate – connect. We provide our members and regulators with an evidence based small business perspective on political and regulatory innovations (inform). We advocate for the interest of Europe’s SMPs and SMEs by providing feedback to consultations and with direct dialogue with political stakeholders (advocate) and we connect our members and the professionals they work for to foster the exchange of best practices and the development of a strong SMP and SME sector in Europe (connect).

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Please find a selection of photos taken at the EFAA event “Accounting and Ethics – Pressure Experienced by the Professional Accountant” below. We have also attached the EFAA logo with / without tagline for use in a publication on the event.

The Panelists:

BODO RICHARDT – EFAA President
MANUEL DOS SANTOS – Member of the European Parliament
MARIE LANG – EFAA Special Advisor
ANNA KARMANSKA – SKwP, Warsaw School of Economics
RICHARD FLECK – IESBA Deputy Chair
ANNA KARMANSKA – SKwP, Warsaw School of Economics
PAUL DEMBINSKI – University of Fribourg
GLENN COLLINS – ACCA Head of Technical Advisory

1) Moderator Richard Fleck speaking

Left to right: Bodo Richardt, Richard Fleck, Glenn Collins.



2) Marie Lang presenting the findings of the study / Presenters of the Study

Left to right: Prof. Anna Karmańska and Marie Lang.



3) Prof. Paul Dembinski Speaking

Left to right: Glenn Collins, Prof Paul Dembinski, Prof. Anna Karmańska, Marie Lang.



4) Glenn Collins speaking on the panel

Left to right: Manuel Dos Santos, Bodo Richarddt, Richard Fleck, Glenn Collins, Prof. Paul Dembinski, Prof. Anna Karmańska, Marie Lang.



5) EFAA President Bodo Richarddt speaking

Left to right: Manuel Dos Santos, Bodo Richarddt, Richard Fleck, Glenn Collins.



6) Over view of the room at the European Parliament



7) Co-author of the study Robin Jarvis weighing in from plenum



8) SCAAK Kosovo CEO Ardiana Bunjaku weighing in from plenum



9) EFAA Logos with/without tagline

