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**TYOLOGY OF ETHICAL THEORIES BASED
ON THE CRITERION OF MORAL JUDGEMENT
AND THEIR APPLICABILITY IN THE AUDITOR'S
AND ACCOUNTANT'S PROFESSIONS**

**TYOLOGIA TEORII ETYCZNYCH
OPARTYCH NA KRYTERIUM MORALNEJ
OCENY DZIAŁAŃ ORAZ ICH ZASTOSOWANIE
W ODNIESIENIU DO ZAWODÓW
BIEGŁEGO REWIDENTA I KSIĘGOWEGO**

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Summary: The article analyses accountant's and auditor's ethics from the meta-ethical point of view. The purpose of the paper is to determine which type of ethical theories has the best applicability to the judgment of accountant's and auditor's deeds. The author uses the ethical theories typology introduced by Carnap in order to analyze their applicability to auditor's and accountant's profession. According to the findings of the article, the nominalistic approach to ethics has the highest applicability to the accountant's and auditor's ethics.

Keywords: auditor, accountant, ethical theory, meta-ethics, Carnap.

Streszczenie: W publikacji analizowana jest etyka księgowego i biegłego rewidenta z metaetycznego punktu widzenia. Celem artykułu jest określenie, jaki typ teorii etycznej cechuje się największą możliwością zastosowania w formułowaniu sądów moralnych na temat działań księgowego i biegłego rewidenta. Autorka zastosowała typologię teorii etycznych wprowadzoną przez Canapa w celu analizy możliwości ich dostosowania do profesji biegłego rewidenta i księgowego. W rezultacie podejście nominalistyczne uznano za cechujące się największą możliwością zastosowania w odniesieniu do etyki rozpatrywanych zawodów.

Słowa kluczowe: biegły rewident, księgowy, teoria etyczna, metaetyka, Carnap.

1. Introduction

Meta-ethical reflexing probably is not the first-choice topic for considerations on the nature of work in accounting and auditing, experience of it and career plans concerning it. Although accountants and auditors possess their own codes of ethics (e.g. [IFAC 2009]) they focus on formal and legal issues and do not concern deeper philosophical bases. Nevertheless, as any other field of human activities, work can be viewed from the point of view of ethics.

The object of the study is morality of accountants and auditors viewed from the meta-ethical perspective. The research objective is to determine what type of ethical theories has the best applicability to the judgment of accountant's and auditor's deeds. The study consists of two-step process. The first one focuses on identification of the typology of ethical systems which can be applied to the professions of auditor and accountant. The second step consists on the empiric research containing quantitative assessment of applicability of chosen ethical theories to the professions of accountant and auditor and statistical analysis of it.

2. Theoretical background

The literature on philosophy of ethics and history of morality among its subjects has the meta-ethical considerations. Their reflections focus on the state of the ethical theories. Meta-ethics is defined as a division of ethics encompassing general analysis and classification of moral terms and judgments and the methodology of ethics. [Hartman (ed.) 2004, p. 134]. Meta-ethics is a division of ethics which is interested in logic of language of ethics and methodology of ethics ([Jedynak (ed.) 1990, p. 152], after: [Gasparski (ed.) 2013, p. 554]). Meta-ethical reflections analyze legitimacy of moral judgments from semantic and formal-logical points of view [Nowak, Cern 2008, p. 27].

Due to the dominating concept of the essence of moral theories, the main goal of ethical theorists is to provide the clear presentation of moral theory, the evidence for its universality and to legitimate its obligations. It is done by the analysis of its arguments, proving their obviousness and investigation of internal logical relations [Jamieson 2002, p. 522].

According to the author of this article, the most coherent typology of the ethical theories was proposed by Carnap. He used three different criterions in order to explain the different approaches to the ethical systems. His contribution is depicted in Fig. 1.

Classifying the ethical theories on the basis of the range of application of moral norms Carnap distinguishes two theories: objectivism and subjectivism. According to objectivistic theories norms have an universal character. Due to the subjectivistic theories norms are a subjective product of each separate person. Typology of ethical theories based on the source of moral norms includes naturalism, anti-naturalism and

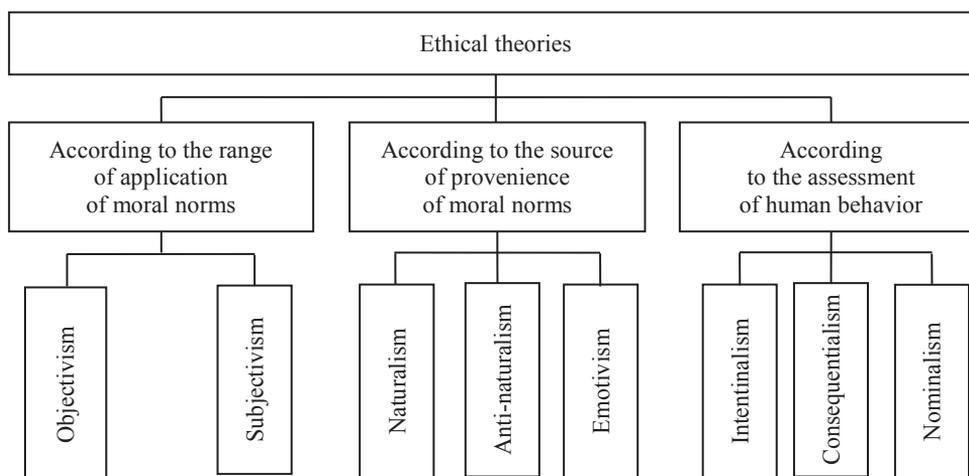


Fig. 1. R. Carnap's typology of ethical theories

Source: based on [Czarnecki 2008, p. 23].

emotivism. In naturalistic theories norms are derived from the statements of the empiric sciences. In the anti-naturalistic theories a non-empiric reality (such as God or human mind) is a source of norms. In the emotivistic theories norms are the manifestation of human emotions. The typology of ethical norms based on the criterion of moral judgment of human deeds contains three types of theories: intentionalism (motivism), consequentialism (effectivism) and nominalism (deontologism). In intentionalistic theories the judgement of deeds is based on intentions of an actor. In consequentialism the result of the action is a criterion of moral judgment. In the nominalistic theories the accordance with the norms of the moral system is the base of moral judgment [Czarnecki 2008, p. 23, 2014, p. 126].

3. Empirical study – method and result

For the considerations of this paper the Carnap's typology of ethical theories is chosen. The criterion of moral judgment of human deeds is taken as a model one. Therefore the three theories are taken into account:

- intentionalism,
- consequentialism,
- nominalism.

The rationale for such a choice is the character of the criterion of classification of the ethical theories as all the three theories are applicable to the accountant and auditor profession, what is proved in Table 1. It presents the specification of those theories adjusting them to the work in bookkeeping and financial revision.

Table 1. Application of Carnap's classification of the ethical systems due to the criterion of judgment of human deeds to the professions of accountants and auditors

Criterion of classification	Moral judgment of human deeds		
	Intentionalism	Consequentialism	Nominalism
General understanding	Human behavior is judged to be moral if it's conducted with good intentions.	Human behavior is judged to be moral if it's effects are good.	Human behavior is judged to be moral if it was in accordance with the norms of moral system.
Application to the theory to the moral judgment of behavior of auditor	Behavior of auditor is judged to be moral if it's conducted with good intentions.	Behavior of auditor is judged to be moral if it's effects are good.	Behavior of auditor is judged to be moral if it was in accordance with the norms of moral system.
Application to the theory to the moral judgment of behavior of accountant	Behavior of accountant is judged to be moral if it's conducted with good intentions.	Behavior of accountant is judged to be moral if it's effects are good.	Behavior of accountant is judged to be moral if it was in accordance with the norms of moral system.

Source: own elaboration.

The presented consideration constitute the starting-point for the empirical studies. The group of participant consisted of 69 students¹ of Wrocław University of Economics, Faculty of Management, Computer Science and Finance, majoring in accounting and auditing. As previous research showed, such students usually have the differentiated job experience [Nowak 2014] and the intention to work in widely understood accounting.

The survey consisted of questions focused on the career plans, experience and the approval for usage of different criteria of moral judgments in assessment of the deeds of accountants and auditors. The numerical measurement of preferences and attitudes was used. The possible range for assessment of each aspect is from 1 to 5. The descriptive statistics are presented in Table 2.

As the descriptive statistics depict, the plans for work as auditor are very differentiated within the research group. The standard deviation is very high (1,25). The popularity of career in this profession is average with mean equal 3.17 and median equal 3. On the other hand, the experience of work in this profession is not differentiated. Standard deviation is low (0.17). The self-assessment by the research group of the experience in this job is very low with the mean equal 1.03 and the median equal 1.

The reasons for high differentiation of the intention to work in audit and low differentiation of the experience in the auditor profession together with generally very low assessment of the level of that experience are following:

- people who did not finished yet their education in accounting and auditing according to the law cannot work as independent auditors;

¹ The group consists of all the students who attended their lessons during the day when the survey was held.

Table 2. Descriptive statistics

Aspect		Descriptive statistics							
		N valid	Mean	Median	Minimum	Maximum	Lower quartile	Upper quartile	Standard deviation
Plans	Plans to work as an auditor in the future	69	3.17	3.00	1.0	5.0	2.0	4.0	1.25
	Plans to work as an accountant in the future	69	3.96	4.00	1.0	5.0	3.0	5.0	1.10
Experience	Experience in auditor's profession	69	1.03	1.00	1.0	2.0	1.0	1.0	0.17
	Experience in accountant's profession	69	2.20	2.00	1.0	5.0	2.0	3.0	0.85
Ethical theories	Intentionalistic understanding of auditor's morality	69	2.77	3.00	1.0	5.0	2.0	4.0	1.23
	Intentionalistic understanding of accountant's morality	69	2.96	3.00	1.0	5.0	2.0	4.0	1.22
	Consequentialistic understanding of auditor's morality	69	3.29	3.00	1.0	5.0	3.0	4.0	0.91
	Consequentialistic understanding of accountant's morality	69	3.32	3.00	1.0	5.0	3.0	4.0	0.93
	Nominalistic understanding of auditor's morality	69	3.83	4.00	2.0	5.0	3.0	4.0	0.71
	Nominalistic understanding of accountant's morality	69	3.78	4.00	2.0	5.0	3.0	4.0	0.70

Source: own elaboration.

- as a consequence, they can have only little experience of auditing such as internships in auditor firms or performing some tasks which are similar to the auditor's task;
- without experience in audit it is very difficult to state if oneself really wants to work as an auditor;
- for the students, profession of accountant seems to be similar, but less prestigious and power-giving and more safe than profession of an auditor what was proved in the research presented in [Nowak 2012];
- accounting studies are feminized very much [Kabalski, Szwajcar 2015] and women studying such fields prefer safety to prestige and power;
- career of auditor may seem to be out-of-reach for some students.

The self-assessment of making accountant's career choice is also differentiated but not as much as plans concerning audit. The standard deviation equals 1.10. Such choice is higher than average among the students. The self-assessment concerning

it is moderately high with mean equal to 3.96 and median equal to 4. The experience of work as accountant is varied and the differentiation is much more higher than the one concerning audit. The standard deviation equals 0.85. The experience is less than average but higher than the experience in audit. Mean equals 2.20 and median equals 2.

The assessment of the applicability of theories to moral judgment of auditor's and accountant's professions shows that each theory is assessed similarly when applied to the both professions. However, there are differences between the theories. The "number one" ethical theory is nominalism. The highest application possibility is ascribed to usage of nominalistic theory in moral judgment of auditor's morality (mean equal to 3.83, median equal to 4). Also its applicability to accountant's deeds is assessed highly (median equal to 3.78 and mean equal to 4). Consequentialism is the second choice theory and also there are no meaningful differences between its assessment concerning auditors and accountants. The mean is above average for accountants (3.32) and auditors (3.29) and median is average (3) for both professions. The lower score is ascribed to the intentionalism. Its assessment concerning application for both professions is similar. The mean is below average for accountants (2.96) and auditors (2.77). The median is average for both professions (3).

Such results can be attributed to the following reasons:

- the professions of accountant and auditor have a lot in common, they both deal with legal issues, which makes their nominalistic understanding clear;
- both professions have their codes of ethics, which makes the impression that the basic ethics of auditor and accountant then is to obey the code of ethics,
- the consequences of the wrong-doing of accountant or auditor can be really severe; the legal result such as being persecuted by law is an example, financial, economic and business results are even more severe, like incapability to continue business, bankruptcy and all the consequences for the different groups of stakeholders (e.g. employees not being paid) therefore consequentialism is also assessed more than average for both professions;
- the lower assessment of intentionalistic ethics application to moral judgment of auditors and accountants can be caused by the character of these professions, which makes it is easy to compare the action with the norm, and to see if it was in accordance with it or not; it is also possible to see the consequences but it is not so easy to know whether the intentions of auditor or accountant were good or evil.

It should be added that the applicability of each theory applicability to accountant and auditor morality is differentiated. Standard deviation varies from 0,7 (concerning nominalistic understanding of accountant's morality) to 1,23 (concerning intentionalistic understanding of auditor's morality).

Additionally, the relations between analyzed aspects are investigated. The correlation matrix is shown in Table 3.

Table 3. Correlation matrix ($N = 69$; $p < 0.05$)

Aspect	Plans		Experience		Criterion of moral judgment of deeds					
	To work as an auditor	To work as an accountant	In accountant's profession	In auditor's profession	Intentionalistic understanding of auditor's morality	Intentionalistic understanding of accountant's morality	Consequentialistic understanding of auditor's morality	Consequentialistic understanding of accountant's morality	Nominalistic understanding of auditor's morality	Nominalistic understanding of accountant's morality
Plans		0.21	0.12	0.13	-0.01	0.06	-0.11	-0.05	0.15	0.18
Experience	To work as an auditor	0.21	-0.15	0.23	-0.13	-0.09	0.31	0.31	0.12	0.18
	To work as an accountant	0.12		0.16	0.03	-0.07	-0.06	-0.06	0.04	0.18
Criterion of moral judgment of deeds	In accountant's profession	0.13	0.23	0.16	-0.18	-0.16	0.04	0.07	-0.01	0.12
	Intentionalistic understanding of auditor's morality	-0.01	-0.13	0.03		0.78	0.09	0.08	0.19	0.06
	Intentionalistic understanding of accountant's morality	0.06	-0.09	-0.07	-0.16	0.78	-0.02	-0.04	0.20	0.06
	Consequentialistic understanding of auditor's morality	-0.11	0.31	-0.06	0.04	0.09		0.91	0.01	0.01
	Consequentialistic understanding of accountant's morality	-0.05	0.31	-0.06	0.07	0.08	0.91		0.04	0.04
	Nominalistic understanding of auditor's morality	0.15	0.12	0.04	-0.01	0.19	0.20	0.04		0.75
Nominalistic understanding of accountant's morality	0.18	0.18	0.18	0.12	0.06	0.06	0.04	0.04		0.75

Source: own elaboration.

The analysis of the *r*-Pearson values presented in Table 3 shows the following statistically significant correlations:

- very high positive correlation between consequentialism applied to the accountant morality and consequentialism applied to the auditor morality with correlation coefficient equal 0.91;
- high positive correlation between intentionalism applied to the accountant morality and intentionalism applied to the auditor morality with correlation coefficient equal 0.78;
- high positive correlation between nominalism applied to the accountant morality and nominalism applied to the auditor morality with correlation coefficient equal to 0.75;
- low positive correlation between plans to work in accountant's profession and consequentialism applied to the accountant morality with correlation coefficient equal to 0.31;
- low positive correlation between plans to work in auditor's profession and consequentialism applied to the accountant morality with correlation coefficient equal to 0.31.

Such results may have several reasons:

- the ethical theories are themselves general therefore the moral reasoning is similar in relation to both professions;
- the professions of auditor and accountant have a lot in common which makes each theory to be applicable in a similar way to these professions;
- the mistakes of auditors and accountants can have similar consequences, starting from the problems with law and with the problems of financial liquidity and ending with bankruptcy of the company; therefore the applicability of consequentialism for both professions is correlated very highly.

4. Conclusions

The conclusions emerging from the theoretical framework of the paper are following:

- general ethical theories, emerging from meta-ethics, can be applied to specific professions, such as accountants and auditors,
- Carnap's typology of ethical theories, esp. its moral judgment criterion, can be adjusted and applied to the morality of accountant and auditor.

The results are consistent with other findings on performance measurement, audit, accounting relations with ethics published in the papers concerning the possibilities of application of different ethical theories, such as utilitarianism, to the work of accountants and auditors [Nowak 2015, 2016].

Additional conclusions emerge from the empirical part of the article. The assessment of applicability of the ethical theory to the work of accountant and auditor depends more on the theory than on the professional sphere it is applied to. Those findings are consistent with other findings [Nowak 2016].

Using the criterion of moral judgment belonging to Carnap's typology of ethical theories, the research group assessed the nominalistic theory as the highest applicable to the auditor's and accountant's professions. Consequentialism has, according to the research group, the second-place applicability to these jobs. The third one is intentionalism. Nominalistic and consequentialistic theories are assessed above average and intentionalistic theory is assessed below the average. It is consistent with the character of the auditor's and accountant's profession as the accountants are supposed, at the first place, to obey the rules, and auditors are supposed to ensure that accountant's job is done according to the rules. Moreover, both auditor's and accountant's jobs, when done improperly, can cause negative consequences for the financial and legal situation of the company. On the contrary, it does not matter much, from the point of view of the company's stakeholders, what were motives of the accountant performing the bookkeeping of the company or the auditor revising its financial statements.

As all studies, especially those of interdisciplinary character and combining theoretical and empirical studies, the research presented in this article is not free from limitations, applying both to the literature overview and practical part of the paper. They still open the new field for the further studies.

The first group of limitations and further study possibilities concern theoretical part of the paper. The theoretical considerations need deeper study on the field of meta-ethic, ethics of accountants and auditors and business social responsibility. Therefore further integration of ethical theories with practical issues concerning audit and accounting, can be made. Author plans to take a two-direction path in order to achieve it. The first direction is the generalization and the second one is specification. Moreover, other ethical theories and systems will be examined from the point of view of their applicability to accounting and audit.

Moreover, the range of the field of accounting should be enlarged. Therefore, besides auditors and accountants, other professions, such as positions in management accounting and management control should be taken into considerations.

The second group of limitations and further research plans concern the empirical part of this article. First of them actually reflects one of the remarks already made, concerning theoretical part of the article. It relates to the necessity of examining other groups, such as people connected with managerial accounting.

Another limitation concerns the research group itself. Firstly, it should be stated that 69 persons of course do not constitute a huge number from the point of view of statistics. Anyway, the absolute minimum, which is 30, was exceeded, and, moreover, the research groups consisted of all the students present during the day when the survey was conducted. Anyway it should be stated that such a number does not give the right to generalization for the whole population of students of accounting and auditing studying in Poland. Therefore the empiric research presented in the paper should be view at as the pilot study.

Moreover, it can be controversial itself making students a research group. The author's aim was to obtain the group characterized by different experience and plans of working in the given jobs. Besides, during the studies, students get knowledge of character of these professions, therefore they should be able to make moral judgments in the fields of accounting and audit. Anyway, the author plans to conduct the research among people who already have a huge experience in accounting and audit.

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