



# Building a New System of Accounting Professional Ethics Standards

Fengrui Liu\*

Hunan University, Changsha, China

\*Email: 1280538273@qq.com

**Abstract.** This article aims to explore the necessity and feasibility of constructing a new system of accounting professional ethics standards. With the continuous development of the global economy, the importance of the accounting profession has become increasingly prominent, and misconduct such as accounting dishonesty has also occurred from time to time, posing a threat to the stable operation of the entire economic system. Therefore, it is imperative to establish a sound accounting professional ethics system. This paper first analyzes the problems and challenges of the current accounting professional ethics, and then puts forward countermeasures and suggestions to build a new system from the aspects of system design, education and training, supervision and management. By strengthening professional ethics education, establishing effective supervision mechanisms, and motivating accounting personnel to adhere to professional ethics, it is expected to build a more healthy, transparent, and reliable new system of accounting professional ethics standards.

**Keywords:** accounting professional ethics, standardizing new system, system design, education and training, supervision and management

## 1 Introduction

Accounting professional ethics is a code of conduct and norms that accounting professionals must adhere to, which directly affects the image and reputation of the accounting industry<sup>[1]</sup>. However, on a global scale, accounting professional ethics issues occur from time to time, involving misconduct such as false statements and financial fraud, posing great challenges to economic order and market confidence. Therefore, it is urgent to establish a new and stricter accounting professional ethics system.

## 2 Problems in the current ethical standards of accounting profession

The current issue of accounting professional ethics standards is a topic that requires high attention and attention. On a global scale, the development of the accounting in-

dustry is closely related to the economic interests of enterprises. However, some accounting professionals, in the face of market competition and pressure, engage in unethical behavior such as false statements and financial fraud in pursuit of short-term benefits by resorting to any means to violate professional ethics standards <sup>[2]</sup>.

Firstly, false statements are an important aspect of current accounting professional ethics issues. Some companies may falsify their financial statements, falsely report income, or conceal losses in order to conceal their true operating conditions or pursue false performance. This behavior seriously damages the rights and interests of investors and other stakeholders, leading to a loss of market confidence, and thus affecting the stable operation of the entire economic system.

Secondly, financial fraud is also a major hidden danger in the current ethical issues of accounting profession. Some companies may engage in financial fraud through methods such as fictitious transactions and fake accounts, in order to achieve the goal of illegal profits. This behavior not only damages the reputation and reputation of the enterprise, but also has a negative impact on the entire market, and may even trigger financial risk <sup>[3]</sup>.

In addition to the misconduct of individual accounting professionals, the relatively weak standards and supervision mechanisms of accounting professional ethics in the region are also a common problem. The lack of clear and strict standards and requirements for accounting professional ethics in some regions has led to lagging regulation. Regulatory authorities may not be able to detect and stop misconduct in a timely manner, leaving opportunities for unscrupulous individuals to take advantage of.

### **3 The necessity of constructing a new system of accounting professional ethics standards**

Firstly, the new system helps to enhance the professional ethics and ethics of accounting professionals. In daily work, accounting personnel face various temptations and pressures, such as corporate profit goals and personal career development. Without strict professional ethics and guidance, some accounting personnel may violate their professional ethics due to personal interests, resulting in misconduct. Building a new system of ethical norms can be achieved through professional ethics education, moral lectures, and other means to enhance the moral awareness and literacy of accounting professionals, strengthen their sense of responsibility and mission, and encourage them to adhere to professional ethics more, not be influenced by external temptations, and create greater value for enterprises and society.

Secondly, the new system can enhance the credibility and transparency of accounting information, providing more accurate information for investors and stakeholder <sup>[4]</sup>. In the current era of information explosion, investors and stakeholders need accurate and timely accounting information to make decisions. If there are issues such as false statements or financial fraud in accounting information, it will mislead investors' decisions, harm their legitimate rights and interests, and lead to a loss of market confidence. By building a stricter ethical code system, we can effectively reduce the occurrence of

misconduct, enhance the credibility and transparency of accounting information, and thereby enhance market stability and investor confidence.

Finally, the new system can also enhance the overall image of the accounting industry and attract more outstanding talents to join this field. The accounting industry has always been considered one of the stable, reliable, and promising professions, but the occurrence of misconduct may affect public trust and recognition in the industry. Building a new ethical code system can establish a good image of the industry, attract more outstanding talents to join the accounting industry, and provide strong support for its development. The addition of outstanding talents will promote the continuous development and innovation of the accounting industry, improve the level and competitiveness of the entire industry, and thus better serve the development of the economy and society.

## **4 Countermeasures and suggestions for building a new system of accounting professional ethics standards**

### **4.1 Strengthen professional ethics education**

Strengthening professional ethics education is crucial for building a new accounting professional ethics standard system. In today's complex and ever-changing business environment, accounting professionals are facing various temptations and challenges, such as pressure from the pursuit of short-term interests by enterprises, fierce market competition, and rapid development of information technology. In the face of these temptations, professional ethics is the bottom line that accountants should adhere to, and the cornerstone of ensuring the credibility of accounting information and social credibility.

Accounting courses in the higher education stage should pay attention to the teaching of professional ethics. Teachers can guide students to recognize the uniqueness and importance of the accounting profession, as well as the key role of professional ethics in accounting work, through teaching methods such as practical case analysis, discussion, and role-playing. Students should be taught how to adhere to basic ethical principles such as honesty, objectivity, impartiality, and confidentiality in their daily work. For example, by analyzing some financial scandal cases in history, students can be made aware of the serious consequences that moral deficiencies may bring, and their awareness of moral self-discipline can be stimulated.

In vocational training, professional ethics education should become a compulsory course. Continuous professional ethics training will help accounting professionals continuously strengthen their moral self-discipline and sense of professional responsibility. The training content can cover the interpretation of industry ethics standards, discussion of typical cases of professional ethics, and training in ethical decision-making. Such training can help practitioners better understand professional ethics standards, master the correct professional ethics, and improve their ability to cope with ethical dilemmas.

At the same time, relevant educational institutions and enterprises should establish a sound system of professional ethics education. Develop a curriculum and textbooks

for professional ethics education to ensure comprehensive and systematic training content. Provide specialized professional ethics education courses, establish a teaching staff, and ensure teaching quality. In addition, industry experts and successful role models can be invited to give lectures to share the experience of professional success and the importance of professional ethics. By listening to their stories, accounting personnel can have a deeper understanding of the importance of professional ethics for individuals and businesses, and thus value their professional ethics more.

In the finance department of a company, a young accountant discovered a financial fraud in an attempt to cover up losses in order to maintain its market reputation and stock price. This accountant is facing a great moral dilemma. On the one hand, he knows that exposing this issue may lead to losing his job or even facing retaliation; On the other hand, he also feels morally responsible for the interests of investors and the company. After receiving professional ethics education and training, the accountant decided to bravely step forward and report financial fraud to his superiors. In the end, the company conducted an investigation and found that the problem did indeed exist, and promptly corrected the error. This case demonstrates the importance of professional ethics education, which helps the accountant make a correct judgment and adhere to the ethical bottom line, protecting the company's credibility and interests.

#### **4.2 Establishing an Effective Supervision Mechanism**

Establishing an effective supervision mechanism is crucial for building a new accounting professional ethics system. The supervision mechanism should cover the entire process of employees, from training to supervision and assessment in actual work, until leaving the post. Relevant regulatory authorities should establish a strict supervision system, increase supervision of accounting behavior, and promptly detect and handle misconduct.

Regulatory authorities can accept reports of misconduct by accounting professionals from the public through channels such as establishing hotlines and reporting platforms. These reporting channels should be simple, user-friendly, confidential, and secure, providing a secure reporting channel for all parties and encouraging public participation in supervision. The informant can be a practitioner in the same industry, an employee of the enterprise, or other stakeholders. In order to increase the enthusiasm for reporting, regulatory authorities can establish incentive mechanisms to reward whistleblowers who provide valuable clues, thereby incentivizing more people to participate in supervision.

At the same time, it is necessary to establish a sound protection mechanism for whistleblowers and protect their legitimate rights and interests. In some cases, reporting behavior may bring certain risks, such as retaliation or career impact. In order to give people more courage to report misconduct, regulatory authorities should ensure the confidentiality of the identity and information of the whistleblower, and crack down on illegal retaliation in accordance with the law <sup>[5]</sup>.

Strengthening collaboration with other departments is also necessary. Regulatory authorities can strengthen cooperation with audit institutions and judicial departments,

share information and data, and form a joint prevention and control posture. When auditing enterprises, audit institutions can focus on the accuracy and compliance of accounting information, and promptly report any issues found to regulatory authorities. The judicial department can investigate and hold accountable serious violations involving illegal and criminal activities, forming a severe crackdown on violations to serve as a warning and deterrent.

In addition, the supervision mechanism should also focus on prevention as the main focus. Regulatory authorities can formulate corresponding rules and regulations to regulate and constrain accounting behavior. For example, companies are required to establish and improve internal control systems, strengthen financial information disclosure, and improve the transparency of financial reports. Regularly conduct audits, conduct compliance and risk assessments, promptly identify issues, and take corrective measures. Through these preventive measures, the occurrence of violations can be reduced, and the stability and purity of accounting professional ethics can be maintained.

In recent years, China's financial regulatory authorities have continuously strengthened their supervision over the financial industry. In financial institutions such as banks and securities, professional ethics education and supervision mechanisms have been significantly improved. By establishing a reporting hotline and reporting platform, the public can anonymously report misconduct to regulatory authorities, including false reporting of assets, financial fraud, and illegal sales of wealth management products. Regulatory authorities shall promptly investigate and deal with reports, and hold criminal responsibility accountable for actions involving illegal and criminal activities. At the same time, rewards and commendations will be given to institutions and individuals who adhere to professional ethics, actively promote corporate governance, and operate in compliance. This supervision mechanism increases the motivation for financial practitioners to abide by professional ethics and maintains the stable operation of the financial market.

### **4.3 Motivating ethical behavior**

Incentive mechanisms are a positive means of building a new system. For accounting professionals who adhere to professional ethics, appropriate rewards and honors should be given to enhance their sense of pride and honor. Rewards can include honorary titles, bonuses, promotion opportunities, etc. For example, honorary titles such as "Excellent Accounting Practitioners" or "Professional Ethics Pacesetters" can be established to commend and reward them. The establishment of these awards must have a certain level of authority and credibility, and through public selection and evaluation, ensure the fairness and impartiality of the selection results.

These honorary titles and awards not only enhance the self-awareness and professional identity of accounting professionals, but also inspire other practitioners to emulate them and actively abide by professional ethics. In addition, it is necessary to strengthen the promotion of these outstanding accounting personnel in the media. Media coverage can showcase the ethical dilemmas and decisions they encounter in their

work, as well as their unwavering attitude and successful cases of adhering to professional ethics. This kind of promotion can set an example within and outside the industry and form the correct career direction.

Equally important with rewards is the implementation of strict punishment measures for violations of professional ethics. Violations may result in accounting professionals losing their professional reputation and even assuming legal responsibility. When implementing punitive measures, it is necessary to adhere to the principles of fairness, fairness, and strictness to ensure the fairness and deterrence of punishment. Regulatory authorities should investigate and handle violations in a timely manner, and pursue criminal responsibility in accordance with the law for actions involving illegal and criminal activities. In addition, it is necessary to publicly expose violations, increase the cost of violations, and make violators pay the due price.

Some excellent accounting personnel around the world are recognized and rewarded for their adherence to professional ethics. For example, in 2019, the Royal Chartered Institute of Certified Public Accountants in the UK awarded the ACCA Global Professional Ethics Award, which recognized a group of accountants who have consistently adhered to integrity, courage to take responsibility, and made contributions to society throughout their professional careers. Among them, there are accounting professionals from different countries and industries who have overcome various difficulties in their work, maintained professional ethics, and created a positive impact on the company, customers, and society. Such awards have inspired more accounting personnel to conscientiously fulfill their professional ethics, while also strengthening the public's awareness and importance of accounting professional ethics.

In summary, building a new system of accounting professional ethics norms is a practical need and an important task. Strengthening professional ethics education, establishing effective supervision mechanisms, and encouraging compliance with professional ethics will help improve the professional ethics awareness of accounting professionals, enhance their sense of responsibility and mission, ensure the credibility and transparency of accounting information, and enhance the overall image of the accounting industry. By working together to build a new system, the accounting industry can play a more active role in the development of the market economy and contribute to the prosperity of the economy and society.

## **5 Conclusion**

The ethical standards of accounting profession are an important guarantee for the healthy development of the accounting industry. It is imperative to establish a new and stricter accounting professional ethics system. By strengthening professional ethics education, accounting personnel can establish correct professional values and moral values; Establish an effective supervision mechanism, increase the supervision of accounting behavior, and promptly detect and handle misconduct; Encourage accounting personnel to adhere to professional ethics and enhance their professional ethics through rewards and a sense of honor. These measures are expected to build a new system of accounting professional ethics that is more healthy, transparent, and reliable. This will

enhance the credibility and transparency of accounting information, increase the trust of investors and stakeholders in the accounting industry, and thus promote the stable development of the economy. Only by establishing a strong professional ethics system can the accounting industry continue to develop healthily in a rapidly changing business environment, and make greater contributions to economic development and social prosperity.

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