

BUSINESS ETHICS SEEN BY THE STUDENTS IN THE BALKANS' COUNTRIES

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ABSTRACT

Having as a starting point a previous research (regarding Turkey and Romania), and taking into account the similarities between the countries from the Balkans, in this paper we try to see the similarities and differences on the attitudes of accounting and marketing students in 5 different Balkans' countries towards 6 ethical dilemmas from each discipline. This study is conducted at Marmara University in Istanbul, Turkey, at the West University in Timisoara, Romania, Ss. Cyril and Mthodius University in Skopje, Macedonia, University of Niš in Nis, Serbia and University for National and World Economy in Sofia, Bulgaria in an attempt to see how accounting students perceive marketing dilemmas and how marketing students perceive accounting dilemmas. A 12-item Likert Scale is used to gather the data from both accounting and marketing students to shed a light on their attitudes towards accounting ethics. Considering the different curriculum, different professional ethical understandings, the views of students

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from two disciplines have been examined in this paper. Similarities and differences have been discussed in the view of cultural backgrounds and interdisciplinary ethical structure.

✦ *Accounting ethics, marketing ethics, cultural backgrounds*

INTRODUCTION

It is fact that business is continually getting more complex and intertwined with other publics than in the past. With this business ethics become an important factor in business life. Business ethics is a concept that is not easily agreed upon. While certainly not a new concept, and found in every business and culture, and it differs from person to person. With an increasing number of companies expanding into markets with various cultural backgrounds, and globalization advancing and expanding and the business environment constantly changing, the problem of cross cultural ethics is getting more prevalent (Tsalikis & Nwachukwu, 1988).

Consequentiality reasoning and neoclassical assumptions about perfectly competitive markets encourage business schools faculty and students to overlook the role of ethics in a market system. In a perfectly competitive economy, self interest suffices to bring about a desirable outcome. However, discrepancies between an economist's assumption and the realities of a market economy established a need for business ethics (Nelson, 1994).

In today's complex business world, the question of business ethics is increasingly gaining importance as managers and employees face numerous ethical dilemmas in their jobs. The ethical climate in the Turkish business environment is also at a critical stage, and the business community as a whole is troubled by ethical problems (Ekin & Tezölmez, 1999).

Business ethics is the art and discipline of applying ethical principles to examine and solve complex moral dilemmas. Business ethics asks, 'What is Right and Wrong? Good and Bad?' in business transactions. Ethical solutions to business problems may have more than one 'right' alternative and even sometimes no 'right' alternative may seem to be available. Logical and ethical reasoning is therefore required to understand and think through complex moral problems in business transactions (Yalcin *et al.*, 2001)

Although, there have been some studies conducted in Turkey regarding the perceptions of both accounting and marketing students (Yalcin *et al.*, 2001; Yalcin *et al.*, 2001(a); Sims & Gegez, 2001; Hoşgor, 1994; Varinli, 2000, Arzova & Susmuş, 2003), there had been no study conducted in Turkey analyzing the

perceptions of accounting students from the view angle of marketing dilemmas, and the perceptions of marketing students from the view angle of accounting dilemmas. But Gegez & Arzova (2002) developed scenarios on marketing and accounting ethics in order to fill the gap in the literature by focusing on whether there is a difference between ethical perceptions of business professionals stemming from their occupational and/or educational backgrounds. The scenarios developed were tested on American and Turkish students by Kidwell *et al.* (2005). Then the same scenarios were applied to Austrian and Turkish Students by Srnka *et al.* (2006, 2007)

In Turkey, a survey was made by Turkish Ethical Value Centre which aimed to find out the approach of Turkish workforce to ethics and corruption in general and to business ethics in 2002. They confine the survey under four titles.

The first title is about “Found Important and Practiced” and workers answered subtitles as not doing the following: stealing, theft, or related fraud, making its payment obligations on time, giving value to its customers, paying its tax dues regularly, not giving or accepting bribes, kickbacks, or inappropriate gifts and not making discrimination on the basis of race, colour, gender, age, or similar categories. The second title is about “Found Important but Not Practiced Enough” and workers answered subtitles as; giving value to its employees, keeping the promises and commitments given to the employees, customers, public and telling the truth to the employees, customers, vendors, or public. The third title is about “Less Important but Practiced” and workers answered subtitles as; obeying environmental and safety laws or regulations. And the forth title is about “Less Important and Not Practiced Enough” and workers answered subtitles as; correct and legal records and reports, diverse opinions are valued and encouraged in my organization and giving the needed information to employees, vendors, or the public.

In the last decade, enrolment in business schools has grown in popularity as undergraduates have shunned education in the arts and sciences to study in business programs. Concurrent with this trend has been the erosion of the integrity of the business community by flagrant abuses of trust and honesty as reported in the media. One outcome of these two developments has been greater concern with ethics in business circles, in university education, and in the studies of executive decision making. Lysonski and Gaidis (1991) examined the ethical tendencies of university students from U.S.A., Denmark and New Zealand by analyzing their reactions to ethical dilemmas dealt with coercion and control, conflict of interest, physical environment, paternalism and the personal integrity. Their findings indicate that students’ reactions tended to be similar regardless of their country. A comparison of their findings to practice managers exhibits a similar degree of sensitivity to ethical dimensions of business decision making (Lysonski & Gaidis, 1991).

With the current globalization and complexity of today's business environment, there are increasing concerns on the role of business ethics. Using culture and religion as the determinants, Pau and Kea (2007) make a cross-national study of attitudes toward business ethics among three countries: Australia, Singapore and Hong Kong. The results of their study have shown the attitudes toward business ethics to be significantly different among the three countries. They also found that respondents who practised their religion tend to consider themselves more ethically minded than those who do not. Additional findings on gender have also revealed significant differences between the males and females for respondents in Singapore and Australia (Pau & Kea, 2007).

The cross cultural survey done by Grünbaum examines the attitudes towards business ethics of Finnish and American business students from the Southern states. Grünbaum's findings indicate that the differences between the attitudes of these groups are small and essentially linked to the strength of their position. Both see deliberation on moral issues as part of a business manager's job and believe that managers should participate in the solving of social problems. Finnish and American business students having participated in this study believe in honesty in business, although they tend to think that people act in their own self interest and that people's decision are based somewhat more on emotions than on rational arguments. Also both Finns and Americans make distinction between acting legally and ethically, and both endorse cultural relativism (Grünbaum, 1997).

Main objective of Alam's study is to assess the attitude of a group of business students towards business ethics in Malaysia. The student group was selected by Alam for the research because of the fact that some of these students will become future leaders and the result of this research could be indicator of the way future leaders, managers and administrators might be expected to behave. The students were asked what they thought were the important factors influencing ethical environment. The majority of the respondents indicated that ethical education and top management attitude were the most important factors influencing corporate ethical environment. Some of the respondents were of the opinion that the code of ethics, legal enforcement and clear understanding and the practice of ethics were important. Again some others believe that heavy penalties for unethical practice should be imposed to develop and a high standard of ethical environment (Alam, 2005).

Lane (1995) explores the reactions of business students to a range of ethical marketing dilemmas. The study examines the ethical judgments for potential demographic differences. The findings suggest that a majority of students are prepared to act unethically in order to gain some competitive or personal advantage. Yielding the highest ethical response are situations of potential and significant social impact (Lane, 1995).

In their study Whipple and Sword (1992) purposed that to assessed students' business ethics judgments and to determine if there are cross cultural differences between the U.S. and the U.K. Societal differences suggest that there may be ethical differences. The findings that U.S. respondents are significantly more critical than U.K. students with regard to confidentiality, research integrity, and marketing mix issues support this connection. These significant results could be attributed to differences in the political and educational systems, cultural differences, or a lag in development of a board debate on ethics issues in the U.K

More cross cultural research on the attitudes of students towards business ethics should be conducted. Although not yet in the work life, business students represent the future generation of managers. Especially in the international context, the power of multinationals and the scope of their activities require that more should be known about the grounds for the decision of the managers. This knowledge would make it possible to prepare the future mangers for their international environment, and reduce the risk of one sided or narrow minded decisions which do not take into account the importance aspects of cultural differences and differences in the levels of economic development (Grünbaum, 1997).

The business ethics is quite a new field of interest in Romania. Business ethics means taking care not only of the associates' interests but also of the others groups' involved interests, even if the law does not impose this.

In "The ethic ideal and the personality", Gusti (1998: 272) says that: "Many of us do not have the moral virtue of honestly and dignified waiting what is there for us, according to their studies and efforts. The legal stipulations or social rules, that are meant to set things right, seem to them inutile forms. [...] In the professional life, many people do easy compromises, in order to conquer one hour earlier, the hierarchic steps that can satisfy their ego. In economic life, many want to become rich in the first year, instead of being preoccupied first of improving the company and getting it to the point when it can be of a real social help. [...] In the liberal professions, many forget the doctrine of their profession, and follow only their lucrative possibilities; for example, the doctor that sacrifices the scientific vocation (and professional deontology) in order to offer paid consultations, the lawyer forgets the ethic and philosophic senses of the juridical sciences by ignoring his beliefs and pleading for the cause that pays more. In all these attitudes, the ethic sense is altered."

Ethics and moral cannot be set by laws as a person that does not respect them will not respect those laws either.

There are a few reasons why the business ethics are not very well developed in Romania. Among these one can identify:

- The reluctance felt by people as, during the communist period, ethics was a subject that politicians insisted on, even if this was only at declarative state and rarely implemented.

- Very few of the small companies (that are the majority of companies in Romania) are members of organizations that could help in promoting business ethics. According to statistics, in 2005, only one third of the questioned small and medium size companies were members of business organizations.
- The fact that the economic environment lacks transparency and maturity, with important consequences in the development of corruption.

After the social life changed in 1989, the business life has become really important.

Therefore, respecting the business ethics involves a cost (human resources, time, opportunities, investments etc). In Romania, especially in the first few years after the revolution, companies couldn't afford this cost. Moreover, unethical actions were not punished as long as they were legal. The society didn't take a stand as the society was dominated by the money rush.

The Government needed to step in, in order to limit the unethical business attitudes. One of the many actions took by the Government according to the Small and Medium Size companies' Development Strategy is to promote at a large scale the process of setting rules of conduct at company level through codes of business ethics. These codes are centred on the voluntary modelling of the business conduct of share holders, employees, managers and of the relationships they develop between themselves or with different other business partners (the State, clients, suppliers etc).

All papers have articles about what happens in the economy of Romania but also about different cases of corruption. This proves that the business ethic is not respected in many cases and the Romanian society is dominated by the interests of small groups. Even if the profit maximization is an important goal for any company, it is obvious that as the society gets more and more conscious and powerful; companies must take into account social responsibilities, too.

As the market economy was born in an environment that was very much influenced by the political life that was using the privatization as an electoral tool, the Romanian market economy didn't have the time and opportunity to develop according to ethical principles. Therefore, for a very long time, „the Romanian business had no perspective and rarely looked to develop and innovate in the field it operates, was vulnerable to the market evolutions and the law changes. It was a tormented business, made out of family savings, a business that does not bring important investments to the market, hardly surviving and looking for surviving methods at the margins of the law” (Murillo & Lozano, 2006).

In the last few years, in Romania, many investors decided to bring their businesses as the work force was cheaper than in other European countries. The foreign investments are the basis of economic development. Still, the Romanians are not willing to accept economic development at any cost. The social inequities must be

taken into account by businessmen that must fulfil the social void created by the disappearing of the communism. Many of the companies fulfil their responsibilities, having an ethical behaviour, but of course there are companies that look for easier ways to obtain profit. And then we are faced with unethical behaviour like artificially influencing the way people look at certain products. For example, many of the big multinational companies include in their publicity campaigns masked social messages. From a study performed in Romania it was shown that on long term these companies loose clients and companies that use clear, honest messages gain.

The main cause of corruption in Romania is that there is no real, well established value system and for almost 50 years the behavioural rules were altered by the communist system. After the communism rules disappeared, the ones that had the economic, political, social and juridical tools, having no ethic or moral limitations, used their powering order to obtain material advantages for themselves or for their closed ones.

Corruption is one of the reasons that make foreign investors to avoid coming to Romania as it is shown in an article called „Romania is out of the investors’ zone of interest” (Curierul Național, 2000: 5). The World Bank has done studies regarding the causes that make businessmen stop their business activities, and one of the main causes in the developing economies (like the Romanian economy) was corruption and lack of business ethics. So, in order for Romania to become an interesting country for foreign business, beside a less turbulent law environment, the officials must get involved in developing the business ethics conscience of the participants to the economic life.

According to the 2008 Corruption Perceptions Index Romania has the second lowest score in EU (3.8) but still, has a score that has significantly increased from 3.7 in 2007, 3.1 in 2006 or 3.0 in 2005. Compared with the scores registered by Turkey (4.6 in 2008, 4.1 in 2007, 3.8 in 2006 or 3.5 in 2005), the scores of Romania are less good. But as place in the world ranking, Romania has evolved from the 85th place in 2005 to the 72nd place in 2008 while Turkey has only gained seven places in the same period (from 65th to 58th). This can be connected with the fact that in Romania there were important actions towards the punishment of corruption at high levels. The business ethics has become an important issue in the last few years. In support of this we can notice that ethics is a very new study object in economics faculties.

In Romania, significant steps to reform the judiciary have taken place, but conflicts of interest persist and less than a half of the magistrates believe that the newly empowered Superior Council of the Magistracy can effectively ensure their independence.

The Report on the Transparency International Global Corruption Barometer 2007, released by the Policy and Research Department Transparency International – International Secretariat, also offers us some idea about the different perception that Romanian people and Turkish people have. For example, in Romania 33% of the respondents have paid a bribe at least once, while in Turkey the percentage is much lower (6%). Romania is included in 2007 in the first quintile of countries most affected by bribery. Still, in Romania 34% expect the corruption to decrease while in Turkey only 24% expect this to happen.

Romania and Bulgaria, as new EU countries, display a gap in overall anti-corruption performance, with Romania exceeding the performance of Bulgaria. Institutional anti-corruption reform continues to be high on the agenda of the government and the development of new anti-corruption institutions is flourishing.

Still, despite the Anti-Corruption Department's (DNA) intensive activity, the justice system has not yet produced convictions in cases of high-level corruption. More worryingly, recent practice has been to grant a large number of suspended sentences in grand corruption trials, diluting the sanction to a simple mention on the individual's criminal record. In the absence of decisive action by the judiciary, grand corruption cases are dealt with in the press rather than the court of law.

Looking simply at the business sector and the level of corruption registered there, we will notice that Romania's level of corruption in business has decreased from 4 in 2006 to 3.6 in 2007, where 5 means extremely corrupt and 1 not at all corrupt. Even if it is not a good score, in comparison with the Turkish score of 4.1 in 2006 and 4 in 2007 is a little bit better.

In the last few years, Romania has improved its level of corruption, mainly as a result of the requests imposed by the European authorities before Romania's acceptance into the European Union. Still, the level of corruption in business is higher than in other European countries. We consider that this is one of the effects that the lack of education and clear rules of ethics has.

In May 2007, a new law established an independent anti-corruption agency - The National Integrity Agency (ANI) that is designed to remedy shortcomings in the monitoring of conflicts of interest and public officials' assets. It concurred that the submission of a false declaration of wealth or making false statements would be considered an act of forgery that the penalties for illicit enrichment, conflict of interest and incompatibilities were. The system previously in place was seriously fragmented, assigning wealth and conflict of interest control to separate institutions with little capacity for collaboration. This fragmentation prevented any unitary legal approach to corruption prevention. Still, in Romania, anti-corruption agencies can easily become political weapons in the hands of those in power if not sufficiently insulated from pressure. The instability of Romania's anti-corruption

legislation and inconsistencies in its legal texts will negatively impact the ANI's performance. The law establishing the ANI is one of the most important pieces of anti-corruption policy in Romania – and one of the most thoroughly debated.

In order to have performances on long term, companies must be accepted by the community. In order to be accepted, companies must be transparent (inform the public about its actions, about its performances) and to respect the declared principles. Credibility and ethical behaviour are essential. For example, when in the FNI scandal was involved the CEC, the credibility of the CEC (built in a long time) suffered and the CEC lost many of its clients. This way the CEC was „punished” for an unethical behaviour (using unreal publicity messages).

Romania, as any country that was for a long time under dictatorship, needs an important change in social, cultural and moral practices. For example, some years ago, there was a case of clear unethical behaviour in publicity: an important newspaper was making publicity in its pages without marking it according to the law with the P symbol for publicity. On the newspaper's site, they were even making a comparison between what the price was for direct publicity and what the price was for the paper to talk about a company or about a product. Some companies asked for such publicity, hoping that the public will be impressed by the fact that newspapers are talking in very positive terms about a certain product or company. Even if many have noticed this “publicity” nobody took action in order to stop this unethical behaviour. This often happens in Romania. Unethical actions are tolerated and in many cases such actions become a bad habit.

As Romania became one of the EU's countries, companies were obliged to adapt to the requests of the European Union. Therefore they have to respect international rules and regulations many of them referring to the business ethics. Companies are asked to have clear sets of rules that offer a frame for the organizational behaviour. According to statistics, about 76% of the companies declare that they have ethic codes that are promoted by intern channels of communication (74%), training (46%) and corporate web-site (43%). These ethic codes are set for employees and syndicates (81%), clients (46%) and shareholders (41%).

Many economic professional organisms have set ethics rules in the last few years.

For example, the Body of Expert and Licensed Accountants of Romania (CECCAR) set an ethics code for its members and adapted it to the regulations that exist at international level. Starting with the 1st of January 2007, all the accounting professionals had to respect this new Ethics code. Imposing such a code, adapted to the international requirements was a must as Romania became a member of the European Union.

It is also known that in order for the new requirements to be respected, help must be offered by specialists and also penalties must be set for those who decide to ignore the ethics requirements for accounting.

The new code clearly stipulates that "The accounting professionals are going to respect the ethics requirements that are set for them, without constrictions or fear of punishments. Still, there might be cases when these requirements are ignored, intended or not, by omission or lack of understanding. It is in the interest of the profession and all its members that the public can trust the fact that the fulfilment of the ethics requirements is being investigated and that when necessary, there are going to be taken disciplinary actions". The corrective actions are usually taken when a professional is denounced by someone for not respecting the professional ethic. As in Romania, due to a lack of ethics education in the case of older professional, the Romanian Organism of the Accounting Experts also stipulated that action can be taken even if there is no complaint, when there is obvious that an accountant has non-ethic behaviour.

Normally, the ethic standards should be set by the public interest. The financial auditors must make sure that the information included into the financial statements is right and offer the information users a clear image. In Romania, there were cases when the auditors didn't respect the ethic standards and didn't fulfil their job. For example in Romania, especially immediately after some big companies have started to apply the IAS and needed their annual reports to be audited, there were many cases when in one form or another, the audits were performed by the financial consultants of these companies, which is completely unethical. This was mainly due to the lack of real professionals in the audit field. It was a problem that got into the attention of the Chamber of Financial Auditors of Romania and was partially solved by the frequent check-ups of the audit files kept by auditors and also by the improvement of the auditor's trainings.

An important step in the direction of improving business ethics was to include this domain in the curricula of most of the economics faculties. This way, students are familiarized with different ethic concepts in their field of study.

In Serbia, the socio-economic background of business ethic has been influenced by various political circumstances during the last century. Main factors causing the differences in business ethic practice were legal system and tradition, corporate governance, characteristic of labour and capital markets, education system etc.

Before World War II, the French and German influences on Serbian economy, education and legislation were considerable, but since then till the 1990s Yugoslavia (and Serbia as its part at that time) built a specific socio-economic system. Namely, Yugoslavia was much more market-oriented than any other communist country. The national ideology was marked by socialism and

independence from both West and East influence. The main characteristic of that time was “self-management”-system, i.e. participating of employees in decision making process in a company, but without well-defined accountability for bad decision.

Since the beginning of the 21st Century, Serbia has been facing the serious challenges of creating an economic system, forming institutions and establishing incentives in order to improve economic performance. However, generally speaking, there are some ethical problems in the field of legislation, jurisdiction, political life and state administration. The biggest problem in Serbia is bribery and corruption. Causes of those problems are insufficient law and jurisdiction, as well as low support of ethics in laws.

According to Transparency International, with a corruption perception index of 3.4, Serbia is still among countries with major corruption problems in 2008. The index is same as in 2007, hence Serbia, which was in the 79th place last year, now shares 85th place with Montenegro, Albania, India, Madagascar, Panama and Senegal (Transparency International web-site, 2008).

A few years ago the Serbian government had major problems getting people and companies to come within the tax system. Although the fiscal discipline is better than at the beginning of 2000s, tax evasion as well as corruption does not exceed the level found in standard democracies and market economies.

Transition to a market economy and foreign companies' entry on the Serbian market on the beginning of the 21st Century, gave an impetus to Serbian companies to introduce pure management systems and tools widely known and accepted in developed market economies and successful world-wide companies (Janićijević *et al.*, 2007). Some companies have already set up and implemented their code of conduct and have announced a company' mission and philosophy. Corporate governance, as a set of processes by which corporations are directed and controlled, has been recognized as a crucial part of the reform process (Denčić-Mihajlov *et al.*, 2006).

Concerning ethics in area of accounting and auditing, there were significant improvements in Serbian practice during the last 20 years. Today, professional accountants are required to continuously work on improving their knowledge of IAS/IFRS, auditors have to also be familiar with ISA, and both accountants and auditors have to know and apply the IFAC's Code of Ethics for Professional Accountants.

In Serbia there are more then 30 audit firms which provide audit and other assurance services in accordance with the Law on Accounting and Auditing (2006) as well as International Standards on Auditing. According to the Law, financial

statements shall be audited only by certified and licensed auditors employed in audit firm (§38). In addition, auditor has to be a member of the Chamber of Certified Auditors.

Even if the duties of the Chamber of Certified Auditors involve: (a) reviewing the quality of audit carried out by the audit firms, (b) advancement and development of the accounting and auditing profession, (c) application of international accounting and auditing regulations (including IFAC's Code of Ethics) and harmonization with such regulations, (d) protection of public interest in this area, and (e) examination and licensing of professional accountants and auditors, there are no effective legal sanctions for misuses and criminal acts connected to financial reporting and auditing in Serbia. Existing legal, civil and criminal provisions relating to accountants and auditors' liability and disciplinary sanctions do not appear to establish a strong preventive instrument. Namely, although the Law on Accounting and Auditing (enacted in June 2006) stipulates fines against the company for not respecting its stipulations, there is no evidence that a company/audit firm or responsible person has ever been prosecuted under these provisions (in the one-year period since the enforcement of the Law). The Banking Law (2003) states that a bank shall be fined for economic offences associated with the non-submitting financial statements to National Bank of Serbia and failure to provide the auditor with all required information. We also find sanctions in the Serbian Insurance Law (2004) and the Law on Securities and Financial Market (2006). Namely, the Insurance Law states that if the person responsible for submitting of financial statements discloses false information, he/she shall be sentenced for a criminal offence between three months to five years of imprisonment. This Law also states that certified auditors, who, against the provisions of this Law, give a false opinion, shall be sentenced for a criminal offence between one and three years of imprisonment. Similarly to the Insurance Law, the Law on Securities and Financial Market states that the intention to mislead investors in the organized securities market can lead to a punishment by a fine or imprisonment of up to three years.

Important role in the process of financial reporting and auditing reform in Serbia belongs to the Serbian Association of Accountants and Auditors (SAAA) - a non-governmental professional organization established in 1946. The tasks of SAAA range from the supervision of its members to the representation of the profession to the other parties. As of the mid of 2008, SAAA had more than 35.000 members (SAAA, 2008). Membership in this association is voluntary. SAAA is a member of International Federation of Accountants (IFAC). It has drawn up an education program for its members. In accordance to the National Education Standard in Accounting No. 31 (published by SAAA), the program requires that licensed accountants have to make 30 education points. In other words, the SAAA plays an important role in non-institutional oversight of application of international accounting and auditing standards and ethic requirements.

However, similarly to the law sanctions, in Serbia there were no cases in which the auditors didn't respect the ethic requirements and didn't fulfil their job according to the ethical standards. In that sense, there is opinion in the literature that creating a system of financial reporting requires direct State participation in establishing institutions and regulatory bodies whose responsibility and authority will be to supervise: application of (international) financial reporting standards, that quality standards be met in the professional education of accountants and auditors, and the quality of the audit execution (Škarić-Jovanović, 2007).

Most Serbian faculties of economics and management (there are 4 state and about 10 private faculties in this area) have been involving business ethic in their study programme. However, only several faculties have business ethics-related courses as obligatory courses at graduate level. Students in accounting at all faculties learn principles of IFAC's Code of Ethics for Professional Accountants, as well as at several faculties principles of AICPA's Code of Professional Conduct – as a part of teaching material in auditing.

There are also courses dealing with ethics in other areas of management, especially in marketing, international trade, human resources management etc. Depending on course objective students should learn how to act ethically in business and how to think of business ethic. Nevertheless, there is a lack of literature and textbooks written in Serbian. Additionally, there is shortage of cases originated in Serbia which could help students to understand ethical behaviour in practice.

Regarding Macedonia, until 1991 it was one of the six equal constituent republics of the Yugoslav federation. At the beginning of '90s many political parties were formed and one-political party' system was abandoned. The country starts the way of abandoning centralized planned economy toward market economy. The economy has been in transition from Yugoslav-style communism to a market-based system. The process of transition started and in Macedonia happened privatization of the most companies. Also, big money-losing enterprises were restructured. Although the first stage of privatization was realized by national investors (most of all, employees), in the second stage, Macedonia became attractive location for foreign investors but only for the companies that were very profitable or had monopoly on the Macedonian market.

Besides all, Macedonia is still on very low level of ethical behaviour. Results from Transparency International about Corruption Perception, indexes are encouraging. In the official report for 2008 Macedonia is ranked as 72 country of 180 with index of 3.6 out of 10. In 2007 Macedonia was ranked as 84 country of 179 with index of 3.3 out of 10; in 2006 and 2005 was 105 and 103 respectively out of 163 countries with index of 2,7. Macedonia was among the countries showing a significant reduction in perceived levels of corruption indicative of the galvanizing effect of the European Union accession process on the fight against corruption. Macedonian

Government support many projects against corruption and institutionalized anti-corruption process on national and local level. Most significant is the fact that in Macedonia is established independent Anti-corruption Agency responsible for following Government's actions and other business actions, reporting if in their working can be noticed corruption, and also is responsible to stop that processes and to report to public prosecution office. The fact that Macedonia increased its CPI in 2008 in contrast to 2007, 2006 and 2005 when Macedonia was almost the last country i.e. country with biggest corruption in comparison with other Balkan countries is a positive sign for more ethical behaviour and increasing its attractiveness for foreign investors.

According to World Bank Statement for doing businesses in 2009, Macedonia is ranked 71 out of 181 economies in the Ease of Doing Business. This is partly result of the Government policy of easy establishing and registering businesses, cutting taxes and some facilitations for employers of new workers. Required days for starting new business in Macedonia were cut from 18 in 2006 to 9 days in 2009, and costs were cut from 7.4% of GDP in 2006 to 3.8% of GDP in 2009. But even this start point of businesses is associated with corruption. Each procedure is a point of contact, a potential opportunity to extract a bribe.

In Macedonia we cannot speak about high level of ethics. In this transition period business ethics was relatively neglect. The focus was put on privatization of companies and realizing bigger and bigger profits and nobody cared for business ethics. The concern over failure to establish or to adhere to standards of proper conduct has been heightened by corporate scandals and their impact on the capital markets and investors.

However, most of the evidence of developing and implementing codes of ethics in Macedonian business is in accounting. The Institute of certified auditors in Macedonia already has translated The Code of Ethics of IFAC. All certified auditors and members of the Institute should act, work and behave in accordance with it. The Institute from this year started to organize exams for certification of auditors in accordance with ACCA, and candidates beside the requirement of following the Code of IFAC after their certification they have to learn the Code of Ethics of ACCA. Also, State Audit Office has translated and officially uses the Code of Ethics of INTOSAI. This Code of Ethics is addressed to all employees at State Audit Office. However, we can summarize that in Macedonia until now was not happened any accounting or auditing scandal and we can connect this with the fact that accounting and auditing profession in all its areas is well covered with appropriate code of ethics.

But the situation with Macedonian companies in the field of business ethics is far different from the situation of accounting profession. The facts from the research in 2009 are disastrous. Only 5% of companies listed on Macedonian Stock Exchange

have published their Code of Ethics on their web sites, and only 2% of them offer the possibility consumers to report unethical behaviour through the web site. Most of these companies are companies owned by foreign investors who prescribe the same standard of working as in their countries. The interesting point is that unethical behaviour is specific not only for the companies owned by domestic investors but also for the companies owned by foreign investors. There are possible two explanations. First, foreign investors investigate the Macedonian culture and code of conduct before entering Macedonia. The second explanation is that some foreign investors leave Macedonian management to manage companies and do not set procedures to motivate ethical behaviour and to wipe out unethical behaviour.

Companies should become more aware that “having a code of conduct is a key element of ensuring effective corporate governance. It is one of employees’ most important documents. Developing and reviewing a code helps to make visible (a) how the company operates, (b) how it embeds its core values (such as by reflecting its cores values in its communications, processes, and behaviour), and (c) how it relates to its key stakeholders. Employees generally prefer to work for organizations committed to values and ethics, and consumers tend to prefer to buy from organizations with strong records of adherence to standards of conduct and socially sensitive behaviour. Codes also help to reassure investors and other stakeholders, in particular those looking for socially responsible investment, integrity, and a commitment to ethics. A well-designed code of conduct can provide the context for programs designed to improve organizational performance. Organizations that fail to establish and implement a code of conduct and to embed their organizational values could experience lower productivity, higher turnover, increased transaction and agency costs, and increased exposure to legal action. This failure will ultimately increase the cost of capital. Thus, successfully implementing a code of conduct within a values-based organization is increasingly perceived as a competitive asset and advantage” (IFAC).

Still, there are some improvements and steps undertaken in the field of business ethics in Macedonia. Firstly and very important step forward is including the course of Business Ethics on all departments of Business Schools undergraduate studies. Besides this, students in Accounting Department are learning relevant codes of ethics for different courses, for example, they study the code of ethics of IFAC on Auditing course, code of ethics of IMA on Management Accounting course, code of ethics of IIA on Internal Auditing course etc. So, this indicates that the new generations will be aware of ethical behaviour in their working environment.

In Bulgaria, two years following its accession to the EU, the key challenge before the country is still the de facto impunity of high-level corruption and organized crime.

As early as the year prior to Bulgaria's accession to the European Union, the country could count on a relatively well established anticorruption infrastructure, which, though only formally, had most of the necessary elements in place. Civil society structures in the country are also relatively well developed²: NGOs have established themselves as cornerstones in the country's democratic transition and are definitely an integral part of anticorruption efforts. Over the past two years, the state anticorruption infrastructure was not utilized properly and in compliance with the new risks associated with Bulgaria's EU membership. Meanwhile, the anticorruption initiatives of Bulgarian civil society were highly constrained by the inadequacy of resources or their inappropriate allocation as well as by attempts at "civil society capture". Concentrating European funds and programs into the hands of the public administration has not only led to high corruption risks, but has also resulted in suppressing critical (and constructive) anticorruption initiatives which have been replaced by PR and media campaigns and the formation of NGO "loops" set up by high-level civil servants and politicians for the sole purpose of misappropriating EU funds. The obvious mismatch between the public administration's actions or failures to act and public attitudes with respect to the corruption situation called for several changes in the second half of 2007 and in 2008 as follows:

In the first place, the process of formulating anticorruption policies continued throughout 2008, though it was driven mainly by strong domestic and international pressures. Many of the existing strategies and documents on corruption countering and prevention were or still are undergoing a process of updating (Strategy for Transparent Governance and for Prevention and Counteraction of Corruption for the Period 2006 – 2008; Action Plan on the Implementation of the Benchmarks in the Areas of Judiciary Reform, Fight against Corruption and Organized Crime). The adoption of new strategies and policies is also underway (Ministry of Justice Concept Paper on State Criminal Justice Policy). However, no evaluations are carried out to measure the effect of these strategies and policies.

Secondly, legal instruments, and in particular their effective enforcement, are of unquestionable significance to the proper functioning of the state anticorruption infrastructure and policy. Irrespective of this, it was only at the end of 2008 that legislative steps were taken to address the loopholes allowing for the high degree of impunity for corrupt practices with highly adverse public effects, such as the adoption of the Act on the Prevention and Detection of Conflict of Interests, the Public Procurements Amendment Act, the Forests Amendment Act, etc. Although the adopted legislative reforms are a step in the right direction, the possible effects of applying in practice the new provisions will be known only towards the end of 2009 and the beginning of 2010.

Thirdly, the unsolved corruption problems have influenced the evolution of the institutional mechanisms for countering corruption and organized crime in Bulgaria in 2008. Together with the anticorruption units set up with the three branches of

government, some newly established bodies became operational and new institutional mechanisms were introduced at the end of 2007 and in 2008.

The highest anticorruption expectations of Bulgarian society are associated with the operation of the judiciary and, more specifically, of its two branches with the greatest responsibility for countering and preventing corruption and organized crime: namely, the prosecution office and the courts.

In the 2004 – 2007 period, almost 80% of the pre-trial proceedings initiated for corruption offences did not end up in the courts and were suspended or terminated at the pre-trial phase.

As regards prosecuting and sanctioning corruption-related offences, a substantive breakthrough will hardly be possible in the fight against corruption given the current constitutional model of the judiciary and the overall system of separation of powers.

Political loyalty or links to shady and even criminal groups and individuals have further marred the independence of investigators, prosecutors and judges on numerous occasions.

The small number of disciplinary and criminal corruption proceedings against magistrates is of even greater concern in view of the considerable amount of corruption-related whistle-blowing in the judiciary.

Indeed, the statistics on disciplinary proceedings and criminal prosecutions against magistrates reveal that very few of the complaints and tips referred were followed by some action, which further reinforces the impression of the de facto impunity of members of the judiciary from criminal prosecution.

The Corruption Monitoring System (CMS) has been designed and developed by the Centre for the Study of Democracy and Vitosha Research. CMS was the first of its kind in post-socialist countries to combine significant research resources and powerful anticorruption potential. The purpose of CMS is to measure the level of corruption in this country, as well as to identify related public perceptions, opinions, and expectations. It has already been eleven years since CMS was first put to use in 2008 and one of its notable benefits is the accumulation of data on the structure and dynamics of corrupt practices in Bulgaria. CMS has gained acknowledgement from the UN as a best practice national system for monitoring corruption.

The most notable positive developments regarding the levels and tendencies in the spread of corruption in Bulgaria can be summed up as follows:

- First, corruption victimization in the business sector has been on the decline since 2004 (as measured by the incidence of corruption-related payments made by businesses). The level of corruption victimization

(i.e. the objective, rather than subjective, assessment of the corruption situation) has dropped by half – the index reflecting this level fell from 1.18 in April 2004 to 0.4 in August 2008.

- Second, the share of companies experiencing corruption pressure by public administration officials has been on the decline as well. The value of the aggregate index reflecting the rate of corruption pressure on businesses fell from 2.4 (April 2004) to 1.5 (August 2008).
- Third, according to entrepreneurs and managers, corruption in business has been decreasing. The value of the index reflecting their subjective assessment of the spread of corruption fell from 6.0 (April 2004) to 5.8 (August 2008).
- Fourth, corruption is increasingly less likely to be perceived as an effective tool for addressing private problems by Bulgarian business managers. The index measuring these attitudes among entrepreneurs and managers displays a positive trend and has dropped from 5.6 in April 2004 to 3.3 in August 2008.

Set against the registered positive trends in the business sector, a number of negative findings about the spread of administrative corruption among the population stand out:

- First, unlike the decline in corrupt practices in business, there persists the alarming tendency over the past four years towards an increase in corruption pressure on Bulgarian citizens. The index reflecting this level has doubled in August 2008 (1.7) compared to March 2004 when it was at its all-time low (0.8).
- Second, the registered incidence of acts of corruption committed by Bulgarian citizens has equally been on the increase – the value of the respective index rose from 0.3 in March 2004 to 0.7 in August 2008.
- Third, Bulgarian citizens' general assessment of the social environment in terms of corruption is that it has been deteriorating. The value of the index reflecting subjective perceptions of the spread of corruption grew from 6.3 (March 2004) to 6.9 (August 2008). Furthermore, corruption is increasingly perceived as an effective instrument for solving private problems – the respective index rose from 6.5 in March 2004 to 7.2 in August 2008.
- Fourth, corruption definitely emerges as the single most serious problem facing this country – two-thirds of Bulgarian citizens (64.7%) are of this opinion. The share of those holding this view has more than doubled over the past four years (31% in March 2004).

Overall, the general conclusion is that the business sector is displaying visible and lasting positive changes in terms of reducing corruption.

The analysis of the spread of corruption in Bulgaria distinguishes between two important aspects: first, the level of ‘actual corruption’ and second, that of ‘potential corruption’. Committed acts of corruption are designated as ‘actual corruption’ while the solicitation of corruption transactions⁹ is termed ‘potential corruption’. The level of the latter essentially reflects the amount of corruption pressure exerted by those who solicit corruption. Whereas in 1998-1999 the average monthly number of self-reported cases of involvement in corruption transactions by adult Bulgarian citizens ranged between 180,000 to 200,000, in the period July 2003-March 2004 it was about 80,000 to 90,000. After 2004 the number of actually concluded corruption transactions reverted to the higher values characteristic of the earlier 2000-2001 period. In 2008, the average monthly number of corruption transactions in which Bulgarian citizens were involved increased, reaching approximately 175,000. The reverse tendency is observed as regards actual and potential corruption levels in business. The index of actual corruption in business dropped tangibly from 1.1 in November 2005 to 0.4 in August 2008, i.e. the level of corruption victimization fell almost threefold. Corruption pressure by public and administrative officials on businesses has also been on the decline. The value of the corruption pressure index dropped from 2.6 (November 2005) to 1.5 (August 2008). As the corruption pressure on companies decreases ever fewer businesspersons say it is an established practice in their sector to make extra informal payments in the process of conducting business affairs/transactions.

These data suggest that the business environment in Bulgaria is gradually improving and is beginning to operate in a more regular manner. The reasons for this may lie in the following recent developments:

- The reduced fiscal burden on businesses reduces covert business activity, the existence and proliferation of which generally involves the widespread use of corrupt practices;
- The change in the customs regime for foreign-trade operations involving EU member countries. Customs have long been regarded as a domain of pervasive corruption and limiting corrupt practices within this system has had a tangible effect on the general level of business corruption;
- Increased foreign investment and the establishment of major international corporations in the Bulgarian market in a number of sectors (banking and insurance, telecommunications, industrial production, retail, etc) that have accompanied Bulgaria’s EU accession have led to the adoption by Bulgarian entrepreneurs and managers of European good governance practices which help reduce the incidence of corruption in business;
- Efforts aimed at internal self-regulation in the various branches and sectors of the economy – the adoption of codes of ethics and business conduct rules aimed at limiting unfair competition – have gradually

been driving out of the market discredited business entities using corrupt practices.

The International Crime Victim Surveys (ICVS), which have been conducted since the late 1980s, make it possible to assess acts of crime, including corruption, on the basis of their objective parameters rather than subjective perceptions (such as the Transparency International Corruption Perceptions Index). The first National Crime Survey (NCS) using this methodology was conducted in Bulgaria in July 2002.ⁱ Based on the methodology of the international victimization surveys, the EU International Crime Survey was conducted in 2005 making possible the assessment of the position of Bulgaria in terms of the spread of various criminal, including corrupt, practices. Since 1995 Transparency International has been publishing its annual Corruption Perceptions Index (CPI) providing an international framework for comparing the rate of corruption as subjectively perceived by businesspersons, experts, risk analysts, and citizens.

The World Bank has been conducting enterprise surveys that assess countries' economic climate and obstacles to business development. These surveys also collect data on the incidence and rate of corrupt practices and their impact on the business environment.ⁱⁱ These surveys have served as a basis for three World Bank reports on corruption in the countries in transition.ⁱⁱⁱ

In 2006, Bulgaria was included for the first time in the ranking of the Institute for Management Development (IMD), Lausanne, assessing the competitiveness of the economies of 61 countries. It incorporates a component measuring the rate of corruption¹⁶. These surveys are conducted on an annual basis, including in Bulgaria.

Having in place rules preventing conflict of interests' situations as regards high-level officials is a strong factor for the effective countering of corruption, including among high-level officials and politicians. Over the course of many years, in their evaluation of corruption and anticorruption reforms, experts from the Centre for the Study of Democracy have repeatedly suggested that it is necessary to adopt a uniform legislative and regulatory framework dealing with conflict of interests prevention and incompatibilities of holding certain positions as well as that the provisions of certain special laws should be harmonized. On 16 October 2008, the Parliament adopted the Law on the Prevention and Detection of Conflict of Interests, to be enforced as of 1 January 2009. The law, which was drafted by the Ministry of Justice, is a needed instrument in the more effective counteraction of corruption. Based on modern European standards, it basically establishes a uniform legal framework on sensitive issues both as far as the state and the general public are concerned. From a political perspective, the adoption of the Law is a positive signal indicating Bulgaria's emerging political will and preparedness to undertake serious measures to curb corruption and to introduce long-overdue rules for dealing

with conflict of interests. Some of the rules spelled out in the law relate to restrictions on holding public office, declaring professional incompatibility and private interests, actions to prevent conflicts of interest, restrictions following discharge from public office, restrictions on and bans from participation in public procurement procedures for the allocation of EU funds, the detection of conflicts of interest and the consequences thereof, whistle-blower protection, etc.

The scope of the law is quite broad: it is to be applied within all three branches of power, including central and local government structures. Because the different branches and levels of government have their specificities, however, it is necessary to define further and in greater detail the rules applying for each of them. The general principles and rules for preventing conflicts of interest, establishing control mechanisms, as well as for determining the consequences of in cases of actual conflicts of interest, which the law outlines, are to be further elaborated in special laws and the respective government regulations, in view of the specific nature of each branch of power and the institutions and persons falling within the scope of the Law.

To meet the high expectations with respect to this Law, some of its obvious shortcomings need to be promptly addressed. Among those we could cite to the following:

- The general regulations in Article 5 on the restrictions on holding public office and the reference to “the Constitution or a special law” regarding positions and activities incompatible with public service, which is a retreat from earlier drafts of the same law containing express and detailed restrictions on holding public office;
- Article 19 of the Law provides relatively detailed rules on the discharge from duties of individuals holding public office; there are nevertheless gaps with respect to the various bodies responsible for initiating such discharges, as well as the applicable procedures;
- The exemption from the scope of these restrictions, following discharge from public duty, of a number of individuals holding public office, including Members of Parliament, the Chief Inspector and inspectors at the Supreme Judicial Council Inspectorate, judges, prosecutors and investigators. Given the enormous significance of these restrictions and the great number of well-known cases of conflict of interests among these officials, this is a cause of great concern;
- The application of this important law would supposedly overcome the weaknesses of the Public Disclosure of Senior Public Officials’ Property Law identified in the process of its application and analyzed in previous Corruption Assessment Reports. For the law to become effective in practice, though, it is necessary for the leading institutions in each of the three branches of power to adopt specific rules and procedures to ensure that the principles governing the exercise of

official duties, internal control on the possible restrictions for holding public office and the incompatibilities in the course of service, etc. can be implemented in reality.

There is an increasing body of studies showing that corruption and the hidden economy are closely linked. Recent research has demonstrated that in lower income countries such as Bulgaria corruption and the hidden economy seem to complement each other.^{iv}

Although the hidden economy^v is notoriously difficult to measure and understand, it is easily identifiable by businesses when they face partners and/or competitors who operate outside the law by evading taxes, social security and health contributions, hiding actual employment, circumventing product quality, safety or environment regulations, infringing copyrights, etc. According to the latest Enterprise Survey of Bulgarian firms performed by the World Bank in 2007, informal sector practices topped the list of constraints to company investment in Bulgaria. Hidden or unregistered payments represent such a large share of the value-added chain in all sectors of the Bulgarian economy that there is hardly a company in the country which has not either made or received them. Unfair competition, which is how firms perceive the hidden economy and corrupt practices, has topped firms' concerns in Bulgaria in the last ten years (according to CSD data from its Corruption Monitoring System). Companies understand and identify the hidden economy and its negative impact on their competitive positions much more easily than corruption, which they view as an instrument for preserving unfair competitive advantages.^{vi}

Notwithstanding differences in concepts and methodology, estimates of the size of the hidden economy in Bulgaria since 1990 have ranged from 16% to 38% of GDP^{vii}, which has consistently ranked the country among the worst performing new EU Member States with respect to the share of hidden economic activities. According to various estimates, the size of the hidden economy in Bulgaria in 2007 and 2008 ranged between 20 and 35 per cent of GDP, with some sectors, such as construction and real estate, reporting less than 50% of the actual value of transactions.^{viii}

According to business surveys of the Corruption Monitoring System, the share of hidden economic activity across all sectors of the economy averaged 14.1% in 2008, marking a decline of over 50% compared to 2002 when 29% went unreported. As these data were obtained through a sample survey, in which respondents tend to underreport the actual size of the problem, they should be interpreted as the lower bound when it comes to the actual size of the hidden economy in Bulgaria. According to these data, the total value of the hidden economy in Bulgaria has levelled off at about 10 billion levs over the past two to three years. One should keep in mind that the hidden financial flows (turnover) that such grey economic activities generate are much larger. While the National

Statistical Institute provides for imputations of the hidden economy in the system of national accounts and the numbers on the size of the hidden economy should always be interpreted with great caution when making conclusions about policy actions, they send a clear signal to policy makers that the hidden economy constitutes a considerable challenge to Bulgaria's economic development. Most affected are the labour intensive sectors of the economy: construction, textiles, tourism, agriculture and services (e.g. repairs, private education, healthcare, transport, etc.). There are also considerable pockets of hidden economic activity in manufacturing, in particular in industries producing excise duty goods (e.g. alcohol, cigarettes and fuels).

A set of policy measures that need to be employed in Bulgaria to curtail the hidden economy relates to the promotion of business integrity and responsible corporate culture. This is the area that requires the most active involvement of Bulgarian business and professional associations. Professional associations in Bulgaria continue to be passive when it comes to enacting policies and rules of member conduct, in particular relating to good corporate governance practices. Some of the key professional associations in the country, such as those of doctors, lawyers, notaries, etc., suffer from most of the flaws identified by the World Bank for the external auditors and accountants professions, such as excessive fragmentation with multiple associations, the absence of internal professional quality assurance processes, and the lack of investigation and disciplinary measures against non-compliant members.^{ix}

One important tool for associations to put pressure on businesses engaged in corrupt or illicit practices is the adoption and implementation of business integrity codes, which can be used to publicly rank companies on the basis of their integrity performance. Some of the worst comparative rankings and declines in Bulgarian competitiveness in 2008 can be attributed to the quality of business management and ethical practices implemented at Bulgarian companies.^x Bulgarian public companies in particular seem to have serious issues with respect to transparency and accountability due to their typically high ownership concentration. Some 130 to 150 local investors control the assets of Bulgarian public companies, with the average share owned by the largest shareholder amounting to a little over 60%.^{xi} In this respect, the Financial Supervision Commission should enforce stricter observance of the recently adopted National Corporate Governance Code, in particular concerning the largest stock issuers, holding companies and companies listed in the unofficial segment of the Bulgarian Stock Exchange. Good practices of minority institutional investors holding majority shareholders accountable, instances of which were first observed in 2008, should be developed further.

1. SCENARIO DEVELOPMENT

As indicated by Giacobbe & Segal (2000), the scenario method is a very popular approach in ethical judgments in marketing. Scenarios that present ethical dilemmas are suitable for accounting as well as marketing. In this regard, twelve

ethical dilemmas prepared and used by Gegez & Arzova (2002) in a previous study, a new sample of 715 business students from major 5 universities in Turkey, Romania, Serbia, Macedonia and Bulgaria. One half of the scenarios are marketing related while the other half is accounting related. In Table 1, the topics of the scenarios used in this study are given.

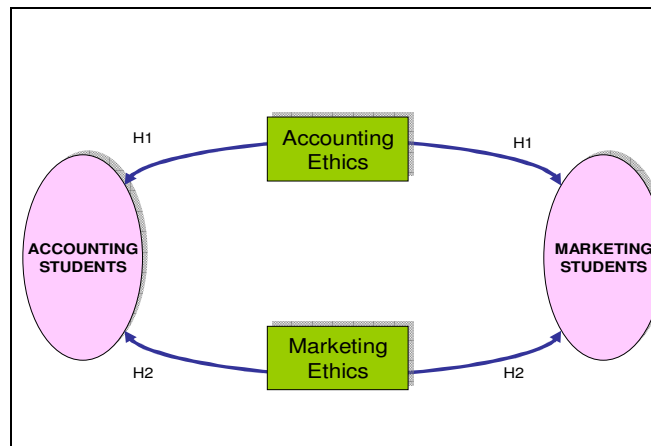
Table 1 The Topics of Scenarios

Scenarios	Ethics Issue	Discipline
Scenario 1	Package Change	Marketing
Scenario 2	Independence	Accounting
Scenario 3	Marketing Research	Marketing
Scenario 4	Social Responsibility	Accounting
Scenario 5	Unfair Treatment to Customers	Marketing
Scenario 6	Neutrality	Accounting
Scenario 7	Assigning Salespeople	Marketing
Scenario 8	Secret Keeping	Accounting
Scenario 9	Trustworthiness	Accounting
Scenario 10	Disseminating Information	Marketing
Scenario 11	Price Cuts	Marketing
Scenario 12	Honesty	Accounting

1.1 Methodology

The aim of this study is to investigate the ethical perceptions of Romanian and Turkish business students with marketing and accounting majors towards both marketing and accounting scenarios. The ethical perceptions of business students were examined across majors (marketing major versus accounting major).

Figure 1. Research Model



A self-administered questionnaire consisting of 12 scenarios related to accounting (6 scenarios) and marketing (6 scenarios) ethics was used for gathering data from a sample of 195 business students from one of the major Turkish universities (Marmara University), 100 business students from one of the Romanian universities (West University), 200 business students from one of the Serbian universities (**University of Niš**), 118 business students from one of the Macedonian universities (**University Ss. Cyril and Mthodius**) and 102 business students from one of the Bulgarian universities (**University for National and World Economy**). Subjects were selected on a convenience basis. This study has two aims. The first one is to determine how business students from different disciplines evaluate various ethical scenarios related to marketing and accounting on a five point scale ranging from 1 (disapprove/most ethical) to 5 (approve/most unethical). The second one is to find out if there exists difference between ethical perceptions of Bulgarian, Macedonian, Serbian, Romanian and Turkish Students. Subjects were asked some demographic questions as well.

Survey directions asked students to share their attitudes concerning both accounting and marketing practices. The instructions and the introduction letter did not refer to ethics in any way. Questionnaires were distributed at the beginning of classes. As subjects were the students, they were ensured that they were free to complete or not to complete the questionnaires and this would not have any impact on their grades. Attempts were made to ensure demographically similar groups of respondents from each discipline.

1.2 Subjects

Subjects (n = 195 for Marmara University, n =100 for West University of Timisoara, n =200 for **University of Niš**, n =118 for **University Ss. Cyril and Mthodius** and n =102 for **University for National and World Economy** as a total of 715) were the students enrolled in undergraduate and graduate business programs at these 5 universities in the 5 countries entitled above. Respondent demographics for Turkish, Romanian, Serbian, Macedonian and Bulgarian applications are displayed in Table 2/1, 2/2, 2/3, 2/4 and 2/5.

Table 2/1. Characteristics of the Turkish Sample

Characteristics	Marketing –Accounting Students
Age	
Median	21
Mean (standard error)	21.92 years (0.19)
Gender Frequency (Percent)	
Male	92 (47%)
Female	103 (53%)

Characteristics	Marketing –Accounting Students
Working Frequency (Percent)	
Yes	46 (23.5%)
No	149 (76.5%)
Work Experience	
Median	2.00
Mean (standard error)	3.15 yrs. (0.49)

Table 2/2. Characteristics of the Romanian Sample

Characteristics	Marketing –Accounting Students
Age	
Median	20
Mean (standard error)	19.95 years
Gender Frequency (Percent)	
Male	16 (16.0 %)
Female	84 (84.0 %)
Working Frequency (Percent)	
Yes	24 (24.0 %)
No	76 (76.0 %)
Work Experience	
Median	0.00
Mean (standard error)	0.39 yrs.

Table 2/3. Characteristics of the Serbian Sample

Characteristics	Marketing –Accounting Students
Age	
Median	22
Mean (standard error)	22.20 years (1.18)
Gender Frequency (Percent)	
Male	61 (30,5%)
Female	139 (69,5%)
Working Frequency (Percent)	
Yes	0 (0%)
No	200 (76.5%)
Work Experience	
Median	0
Mean (standard error)	0

Table 2/4. Characteristics of the Macedonian Sample

Characteristics	Marketing –Accounting Students
Age	
Median	21
Mean (standard error)	20.75 (3.51)
Gender Frequency (Percent)	
Male	29 (24.6%)
Female	89 (75.4%)
Working Frequency (Percent)	
Yes	5 (4.2 %)
No	113 (95.8%)
Work Experience	
Median	0.00
Mean (standard error)	0.10 yrs. (0.74)

Table 2/5. Characteristics of the Bulgarian Sample

Characteristics	Marketing –Accounting Students
Age	
Median	21
Mean (standard error)	21.11years (1.45)
Gender Frequency (Percent)	
Male	43 (41.2%)
Female	59 (57.8%)
Working Frequency (Percent)	
Yes	38 (37.3%)
No	64 (62.7%)
Work Experience	
Median	2.00
Mean (standard error)	2.05 yrs. (1.25)

1.3 Hypotheses

At the outset of the study, three hypotheses were formulated which are shown below.

Hypothesis 1

Hypothesis 1 proposed that there would be significant differences in reported attitudes toward marketing ethics between accounting students and marketing students.

Hypothesis 2

Hypothesis 2 proposed that there would be significant differences in reported attitudes toward accounting ethics between accounting students and marketing students.

Hypothesis 3

Hypothesis 3 proposed that there would be significant differences in reported attitudes toward accounting – marketing ethics between students coming from different countries.

1.4 Analysis

A t-test was conducted to identify the differences in the ethical attitudes of both the marketing and account students towards marketing research practices. Differences were tested at the 0.05 probability level.

Hypothesis 1

Turkish Case

Of the 6 marketing scenarios studied, there were significant attitude differences between the accounting students and marketing students for only one of the items (see Table 3/1). Marketing students reported significantly greater approval for items 3. Given that there were significant differences in reported attitudes towards marketing research ethics for only 1 of the 6 scenarios, hypothesis 1 is rejected.

*Table 3/1. Turkey t-tests for Marketing Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 195†		t value	df	P
	Mean	Sd			
1	1.88	.98	.649	193	.517
3	3.08	1.22	2.877	191	.004
5	2.78	1.09	.371	192	.711
7	2.50	1.24	.183	187	.855
10	2.13	1.06	-.078	191	.938
11	2.37	1.15	-.198	193	.843

Romanian Case

Of the 6 marketing scenarios studied, there were significant attitude differences between the accounting students and marketing students for only one of the items as in the case of Turkey (see Table 3/2). But marketing students reported significantly greater approval for items 3 and 5. Given that there were significant differences in reported attitudes towards marketing research ethics for only 1 of the 6 scenarios, hypothesis 1 is rejected.

Table 3/2. Romania t-tests for Marketing Scenarios Marketing and Accounting Students

Scenario Number	Marketing and Accounting Students n = 100†		t value	df	P
	Mean	Sd			
1	1.80	.63	.627	98	.532
3	2.15	1.02	2.283	98	.025
5	2.45	1.13	3.445	98	.001
7	2.29	1.16	1.291	98	.200
10	2.06	1.13	1.236	98	.219
11	1.69	0.86	1.046	98	.298

Serbian Case

Of the 6 marketing scenarios studied, there were significant attitude differences between the accounting students and marketing students for 4 items (see Table 3/3). Marketing students reported significantly greater approval for item 7. Given that there were significant differences in reported attitudes towards marketing research ethics for 4 of the 6 scenarios, hypothesis 1 is then accepted.

Table 3/3. Serbia t-tests for Marketing Scenarios Marketing and Accounting Students

Scenario Number	Marketing and Accounting Students n = 200†		t value	df	P
	Mean	Sd			
1	1.32	.55	-5.09	199	.000
3	2.09	1.44	1.61	199	.106
5	2.43	1.09	1.16	199	.105
7	3.20	1.19	.178	199	.027
10	1.25	0.57	-2.39	199	.000
11	1.27	0.60	-4.99	199	.000

Macedonian Case

Of the 6 marketing scenarios studied, there were significant attitude differences between the accounting students and marketing students for 2 of the items (see Table 3/4). Marketing students reported significantly greater approval for items 3. Given that there were significant differences in reported attitudes towards marketing research ethics for only 2 of the 6 scenarios, hypothesis 1 is rejected.

*Table 3/4. Macedonia t-tests for Marketing Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 118†		t value	df	P
	Mean	Sd			
1	1.76	.79	-.049	116	.820
3	2.80	1.27	-3.344	116	.012
5	2.49	.95	-.631	116	.692
7	2.55	1.21	-.912	116	.015
10	1.77	1.02	-.339	116	.167
11	2.14	1.18	1.052	116	.654

Bulgarian Case

Of the 6 marketing scenarios studied, there were significant attitude differences between the accounting students and marketing students for only one of the items (see Table 3/5). Marketing students reported significantly greater approval for items 3. Given that there were significant differences in reported attitudes towards marketing research ethics for only 1 of the 6 scenarios, hypothesis 1 is rejected.

*Table 3/5. Bulgaria t-tests for Marketing Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 102†		t value	df	P
	Mean	Sd			
1	1.95	.85	.649	193	.517
3	2.63	1.22	2.877	191	.004
5	3.06	1.09	.371	192	.711
7	2.83	1.24	.183	187	.855
10	2.04	1.06	-.078	191	.938
11	2.33	1.15	-.198	193	.843

Hypothesis 2

Turkish Case

Of the 6 scenarios studied, there were not any statistically significant attitude differences between the marketing and accounting students for any of the items (see Table 4/1). Given that there were not significant differences in reported attitudes towards accounting ethics for any one of the accounting scenarios, hypothesis 2 is rejected.

**Table 4/1. Turkey t-tests for Accounting Scenarios
Marketing and Accounting Students**

Scenario Number	Marketing and Accounting Students n = 195†		t value	df	P
	Mean	Sd			
2	1.98	1.11	1.320	193	.188
4	1.50	.77	-.022	193	.982
6	4.04	1.26	.962	192	.337
8	1.70	.94	.509	193	.611
9	3.34	1.27	1.459	193	.146
12	1.55	.72	-1.318	193	.189

Romanian Case

Of the 6 scenarios studied, there were not any statistically significant attitude differences between the marketing and accounting students for any of the items (see Table 4/2). Given that there were not significant differences in reported attitudes towards accounting ethics for any one of the accounting scenarios, hypothesis 2 is rejected.

**Table 4/2. Romania t-tests for Accounting Scenarios
Marketing and Accounting Students**

Scenario Number	Marketing and Accounting Students n = 100†		t value	df	P
	Mean	Sd			
2	2.10	1.14	.349	98	.728
4	2.26	1.23	.971	98	.334
6	3.33	1.16	1.293	98	.199
8	1.82	.98	2.056	98	.042
9	2.00	1.11	1.449	98	.150
12	2.19	1.05	.664	98	.508

Serbian Case

Of the 6 scenarios studied, there were statistically significant attitude differences between the marketing and accounting students for all of the items (see Table 4/3). Given that there were significant differences in reported attitudes towards accounting ethics for all of the accounting scenarios, hypothesis 2 is accepted. Serbian students shown great approval for item 9 while disapproval for item 2.

*Table 4/3. Serbia t-tests for Accounting Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 200†		t value	df	P
	Mean	Sd			
2	1.22	.48	2.541	198	.012
4	1.73	1.07	4.52	198	.000
6	3.91	1.37	-9.475	198	.000
8	1.80	.1.09	6.342	198	.000
9	4.01	1.07	-5.359	198	.000
12	1.43	.80	4.042	198	.000

Macedonian Case

Of the 6 scenarios studied, there were statistically significant attitude differences between the marketing and accounting students for only 2 of the items (see Table 4/4). Given that there were not significant differences in reported attitudes towards accounting ethics for 4 of the accounting scenarios, hypothesis 2 is rejected.

*Table 4/4. Macedonia t-tests for Accounting Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 118†		t value	df	P
	Mean	Sd			
2	1.40	.79	-.914	116	.317
4	1.67	.95	-1.251	116	.955
6	4.09	1.12	-.169	116	.350
8	1.88	1.15	-5.633	116	.001
9	3.41	1.24	-.693	116	.000
12	1.64	.85	.379	116	.265

Bulgarian Case

Of the 6 scenarios studied, there were statistically significant attitude differences between the marketing and accounting students for only one of the items (see Table 4/5). Given that there were significant differences in reported attitudes towards accounting ethics for only one of the accounting scenarios, hypothesis 2 is then rejected.

*Table 4/5. Bulgaria t-tests for Accounting Scenarios
Marketing and Accounting Students*

Scenario Number	Marketing and Accounting Students n = 102 [†]		t value	df	P
	Mean	Sd			
2	2.52	1.12	-.237	99	.004
4	2.46	1.39	.190	99	.670
6	4.13	.95	.027	99	.818
8	2.21	1.06	-.004	99	.784
9	3.78	1.10	.452	99	.807
12	2.31	1.11	-.394	99	.171

Sum of the test statistics is calculated assuming that the group variances are not equal. [†] Due to some missing answers, sample sizes change from scenario to scenario.

Hypothesis 3

Of 12 scenarios studied, there were not any statistically significant attitude differences between Romanian, Macedonian, Bulgarian and Turkish Students. But only Serbian Students differ from the students of other countries. According to Transparency International Corruption Perception Index 2007 (http://www.transparency.org/policy_research/surveys_indices/cpi/2007), Turkey rang 64th place with 4.1 value, Bulgaria rang 64th place with 4.1 value, Romania rang 69th Place with 3.7 value, Serbia rang 79th place with 3.4 value and Macedonia rang 84th place with 3.3 value. These indices show that all of the 5 countries share approximately the same place on the corruption perception index.

DISCUSSION AND CONCLUSION

Scenarios 2, 4, 6, 8, 9, 12 were about accounting ethics, while the scenarios 1, 3, 5, 7, 10 and 11 were about marketing ethics. The t test results showed no statistical difference between accounting and marketing students on any of the scenarios regarding accounting ethics.

The t test results showed no statistical difference between accounting and marketing students on any of the scenarios regarding marketing ethics except scenario 3 for Turkey, Macedonia and Bulgaria and scenario 5 for Romania. Serbian students shown great approval for item 7. The fact that the groups of students (accounting and marketing) do not significantly differ in their ethical perceptions of accounting ethics except Serbian students implies that there is not any emphasis on the differentiation of ethics in these different disciplines.

Although these students pursue different majors, it seems that in any of these different disciplines ethics is not emphasized uniquely. Considering that even though the curriculum change depending on the majors the students select, there is not any sign that these students perceive these ethical dilemmas in a different way. One of the opportunities that these results create is to see whether such undifferentiated approach to marketing and accounting ethics is valid for practitioners as well as business students. After these results, such a further research makes it possible to see if there is a difference between accounting and marketing practitioners in perceiving both marketing and accounting ethics.

The different perception of the Serbian students regarding the ethics problems (hypothesis 1 and 2 were accepted only for the Serbian statistic sample) can be justified if we take into account the curricula that were used by the interviewed students. In Serbia, the curricula used by different universities for the marketing students didn't include any subjects regarding business ethics while the curricula used for the accounting students includes subjects regarding the professional ethics. Still, none of the interviewed students has studied general business ethics. This situation is about to change in the following years, as the new approved curricula both for marketing students and accounting students includes business ethics.

One of the foremost limitations of this study is using a convenience sample of business students. Another limitation is the lack of systematic approach that would cover the whole dimensions of marketing and accounting ethics. Scenarios reflect some kind of general approach to disciplinary ethics and it cannot be cover all details regarding marketing and accounting ethics. Colleges and universities are weighing any of several approaches to build ethics awareness, and the practical implications of ethical choices, in a somewhat sterile classroom environment. Some educators from across the nation are considering creating a model course that business schools could use as a turnkey solution, while others are hiring on-staff professional philosopher/ethicists to consult with business school professors. The issue is particularly important in international business, where students must consider not only their ethics but the ethics of other cultures as well. Many educators still rely only on the sprinkling of ethical situations that are outlined in grey boxes throughout the pages of most general marketing texts as a way of teaching marketing ethics (Schmidt 1999: 9). This research shows that ethics should be emphasized in every discipline through a revision of curriculum.

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