

EXECUTIVE SUMMARIES

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Financial Accounting and Morality

The focus in this paper is ethics of financial accounting. I explore different areas of financial accounting from an ethical perspective. Conceptual tools are developed using Kohlberg's framework of moral reasoning. Kohlberg's framework of moral reasoning is used to link ethics to the dimension of individualism. The theory is presented in three levels and six stages. At first level are two pre conventional stages; punishment and obedience orientation

and instrument and relativity orientation. At second level are two conventional stages; interpersonal concordance orientation and law and order orientation. At third level are social contract orientation and universal ethical principles orientation. The third level is called post conventional or principled level. The study is based on research material collected between August 2000 and June 2001. In total 22 interviews were held with persons working in different kind of companies. A majority of the interviews were held with head accountants, financial managers and auditors. Accounting practice and morality are shaped by wider social and historical developments and ethics of accounting is made up from many dimensions. One is legislation

and other rules of accounting. The other is owners and other stakeholders of the company and their commands. Accounting professionals do balance divergent demands and conduct with skill, know how and moral principles. The ethics of accounting is dependent on the act and practice of individuals and on their morality. The act is morally right for an accounting professional if it is according legislation and produces utility for stakeholders and society. The special duties accepted by accounting professionals are honesty, sincerity, exactness, rationality and responsibility. Accounting professionals use at their work rules and principles which come from legislation and colleagues and from their own individual moral. ■