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## **PROFESSIONAL ETHICS OF SPECIALISTS OF THE ECONOMIC DIRECTION IN THE CONDITIONS OF WAR**

**Annotation.** *Challenges to the professional ethics of economic specialists in the conditions of the martial law regime and the subsequent reconstruction of Ukraine are highlighted. Recommendations on strengthening the professional ethics of accountants in the war and post-war period are considered.*

**Key words:** *ethics, professional ethics, accounting, accountant, auditor, war*

**Анотація.** *Висвітлено виклики до професійної етики фахівців економічного напрямку в умовах режиму воєнного стану і подальшої відбудови України. Розглянуто рекомендації щодо посилення професійної етики бухгалтерів в умовах війни та в післявоєнний період.*

**Ключові слова:** *етика, професійна етика, бухгалтерський облік, аудит, бухгалтер, війна*

**Introduction.** Ukraine has been under martial law for the third year due to Russia's military aggression against our independent state. This challenging situation significantly impacts the functioning of all economic entities and sectors, which have suffered considerable losses under martial law conditions. In such a difficult state of the country's economy, critical issues arise regarding the strengthening of ethical standards for professionals in this field. Therefore, the chosen research topic is extremely relevant.

**The aim of the article** is to explore professional ethics for specialists in the economic field and to examine recommendations for its enhancement and improvement under wartime conditions, using the accounting profession as an example.

**Research Results.** The prolonged enforcement of martial law in Ukraine and the significant deterioration of the country's economic condition present serious challenges for specialists in the economic sector. These circumstances demand strict adherence to their professional duties and the demonstration of creative thinking.

Significant attention in recent years has been devoted to the ethical requirements for accountants and auditors, who hold a prominent position among specialists in the economic field. This is evidenced by existing regulatory acts [1; 2], scientific and educational works [3; 4], as well as specialized thematic scientific and practical events (conferences, seminars, webinars, round tables, etc.) [5 - 9].

In Ukraine, there is an official Code of Ethics for Professional Accountants, which is part of the national legislation. However, as of 2022, there was no textbook on professional ethics available in Ukraine. Professor S. Golov of the Business School at the International Management Institute (IMI), along with colleagues, sought to address this gap. During the full-scale war, they self-funded and published the textbook «*Professional Ethics for Accountants*» in 2022 [4].

In previous own scientific studies, issues related to the development of competences of specialists in accounting and taxation of foreign economic activity, the formation of the competences of future financial analysts in wartime conditions, the improvement of the competences of future specialists in accounting, control and analysis of customs settlements in the conditions of the Russian-Ukrainian war were considered [10 - 12].

However, all developed and acquired competencies hold value and are effective only when ethical standards are upheld by specialists in the respective field.

According to the International Code of Ethics for Professional Accountants, five fundamental principles of ethics for professional accountants are outlined:

1) Integrity, which means being honest, straightforward, and truthful in performing all professional duties.

2) Objectivity, which involves accurately reflecting all activities occurring within an enterprise in the accounting records and ensuring that professional judgments are not compromised by external factors.

3) Professional Competence and Due Care, which include:

a) Achieving and maintaining a level of professional knowledge and skills necessary to provide competent professional services to clients or employers based on current technical and professional standards and applicable legislation [2, p. 22].

b) Acting diligently and in accordance with applicable technical and professional standards [2, p. 22].

4) Confidentiality, which entails maintaining secrecy and safeguarding the confidentiality of information obtained during the performance of accounting duties.

5) Professional Behavior, which means complying with the requirements of applicable legislative and regulatory acts of Ukraine and other countries (business partners) and avoiding any unprofessional conduct that could discredit the accounting profession.

These ethical principles for professional accountants are especially important in wartime and the post-war period, when the issues of proper accounting (to prevent theft, excessive expenses, unjustified distribution of weapons, ammunition, humanitarian aid, etc.) of all material, intangible, financial resources, and human resources (personnel) become critical.

Therefore, the preparation and publication of the textbook «*Professional Ethics for Accountants*» in 2022 (the year the war began) became urgent [4].

When an accountant adheres to all ethical standards, the information reflected in the accounting records serves as a truthful foundation, providing accurate data

for control, regulation, analysis, forecasting, and legal protection. This ensures the safety and well-being of individual entities, both civilian (e.g., various economic enterprises) and military (e.g., different military formations), as well as the country as a whole.

Only when an accountant adheres to all the principles of professional ethics will the accounting records meet all the required standards, namely: quality and accessibility; accuracy and objectivity; timeliness; and cost-effectiveness.

Adherence to professional ethical principles by accountants is of great importance today, under the conditions of martial law, and will become even more significant in the post-war period.

Therefore, it is proposed to amend the Law of Ukraine «*On Accounting and Financial Reporting in Ukraine*» by adding a separate section on «*Professional Ethics for Accountants*» and outlining the five fundamental principles of professional ethics for accountants.

The recommended structure of the Law of Ukraine «*On Accounting and Financial Reporting in Ukraine*» is presented in Figure 1.

<b>RECOMMENDED STRUCTURE OF THE LAW OF UKRAINE «ON ACCOUNTING AND FINANCIAL REPORTING IN UKRAINE»</b>
Section I GENERAL PROVISIONS
Section II STATE REGULATION OF ACCOUNTING AND FINANCIAL REPORTING
Section III ORGANIZATION AND MAINTENANCE OF ACCOUNTING
<i>Section IV PROFESSIONAL ETHICS FOR ACCOUNTANTS</i>
Section V FINANCIAL REPORTING
Section VI FINAL PROVISIONS

**Fig. 1. Recommended Structure of the Law of Ukraine «On Accounting and Financial Reporting in Ukraine»**

It is proposed to:

1) Leave the following sections unchanged:

1. GENERAL PROVISIONS

2. STATE REGULATION OF ACCOUNTING AND FINANCIAL REPORTING

3. ORGANIZATION AND MAINTENANCE OF ACCOUNTING

2) Change the current sections 4 and 5 to sections 5 and 6:

5. FINANCIAL REPORTING

6. FINAL PROVISIONS

3) Replace the current section 4 with a new section:

4. PROFESSIONAL ETHICS FOR ACCOUNTANTS

These changes are driven by violations of Ukrainian legislation under martial law conditions and will be extremely important in the post-war period of reconstruction and development of our country.

**Conclusions.** Thus, in wartime and the post-war period, adherence to professional ethics by accountants is especially important. In this regard, it is proposed to amend the Law of Ukraine «*On Accounting and Financial Reporting in Ukraine*» by adding a separate section «*Professional Ethics for Accountants*» and outlining the five fundamental principles of professional ethics for accountants: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The principles of ethics for professional accountants established by the Law of Ukraine «*On Accounting and Financial Reporting in Ukraine*» will help improve the quality of accounting and will serve as a barrier to theft, fraud, and other possible violations of Ukrainian legislation.

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