

# Corruption in the accounting profession: Survey findings



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*“If technological advancement is the hallmark of progress in modern society, then corruption is its bane”* (Zarb, 2005)

Corruption affects all sectors of the economy. In a recent Harvard Business Review it was mentioned by Professors Nicholas Ambraseys of the Imperial College of London and Professor Roger Bilham of the University Colorado at Boulder that a new assessment of global earthquake fatalities over the past three decades indicates that 83 percent of all deaths caused by the collapse of buildings during earthquakes occurred in countries considered to be unusually corrupt. The two authors have argued that corrupt building practices (e.g. substandard materials, poor assembly methods, inappropriate placement of buildings and non-adherence to building codes) have increased the death toll.

Corruption results in misallocation of resources, lowers investment levels, fosters misguided and unresponsive policies and regulations, reduces competition and efficiency, increases public spending, lowers productivity, increases the costs of doing business, lowers growth levels, reduces the number of quality public sector jobs, undermines the rule of law, hinders democratic market-oriented reforms and so on.

In an effort to identify the extent of corruption within the accounting profession the Economic Crime and Forensic Accounting (ECFA) committee carried out a survey of the Institute of Certified Public Accountants of Cyprus (ICPAC) members. The questionnaire was emailed to our members and the analysis below pertains to 220 useable responses.

## DEMOGRAPHICS

The respondents were predominately male (69%). A significant proportion (49%) were 31-40 year olds while those aged 41-50 comprised 23%, and 82% worked in the private sector. Interestingly, only 11% of the respondents

worked in the public sector or semi government organisations (7%). Sixty five percent were from Nicosia, 22% from Limassol and the rest were spread in the rest of the districts. The respondents were well qualified as most of which (60%) had postgraduate qualifications.

## FINDINGS

The survey was replicate of the 2009 Eurobarometer Corruption Survey, amongst 505 Cypriot members of the general public. The findings of the general public perceptions on corruption are not very different to that outline by the accountants in this study. On average, 53%-58% of the respondents considered it a corrupt act to give money or other consideration in return for a building permit, a driving licence, a reduction in their tax payable, recruitment in the public sector or in order to have a favourable treatment in the army. Interestingly enough, though, only 37% of them considered corruption the pulling of strings for recruitment in the private sector or receiving money or compensation for mediating to facilitate someone's winning a tender for a project.

Respondents are of the view that corruption is widespread amongst: Politicians (80%), officials awarding public tenders (67%), people working in the police service (64%), officials issuing building permits (55%), people working in the custom service (50%).

The great majority (91%) do acknowledge that corruption is a major issue, that it does exist at national level (89%), at local level (85%) and that corruption is inevitable (60%). The respondents believe that the reason corruption is so widespread is due to the fact that there is no real punishment for corruption (97%), appointments in the public are not based on merit/qualifications (95%), politicians are not doing enough to fight corruption (97%), and people accept corruption as part of everyday life (94%).

The respondents also believe that the responsibility for preventing and fighting corruption rests with the government (96%), the police (88%), the judicial system (79%) and to a lower degree with EU institutions (65%). They believe that in order to combat corruption there should be a speedier prosecution of suspects, the penalties should be harsher and that the legal framework