

Ethics of Business Organizations: The Basis for Their Sustainability

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Abstract

The strengthening of the process of the regulation of accounting and auditing, as well as the improvement of the structures of corporate governance, aims, fundamentally, to involve the various professionals that work in business organizations in a global process whose principal objective is to provide more ethical and responsible accountability practices. Hence, encouraging ethical stances is crucial in seeking to overcome the present financial crisis, and in preventing and changing the paradigm of the business model of capitalist society: the ethical principles related to the business environment should be assumed by all those intervening in the process of accountability. In this context, the goal of this research is to ascertain whether, among professionals working in this field in Portugal, there exists an appropriate perception of behaviour and ethical attitudes, and whether there is control and promotion of these attributes. In particular, we seek to locate significant associations between the responses to the questions raised, and to do this, we use, among other statistical instruments, Spearman's correlation coefficient. The results obtained reveal certain specific characteristics of the groups questioned.

Keywords: ethics, accounting, corporate governance, rules

1. Introduction

The improvement of institutional mechanisms for confidence point unequivocally to an increasing demand for financial information based on transparency and the reliability of figures that reflect economic reality and that are transmitted, to the general public, through corporate social reporting. Therefore, the acceptance of rules defining what are acceptable practices of corporate governance, of accounting and auditing (Kaplan & Ruland, 1995), leads to a change of paradigm, based on a different approach of stakeholder theory, which should be structured, preferentially, around accountability rules which are far-reaching and embedded in the organizations and the agents that undertake their activities in the professional area of business sciences.

These professionals are subjected to a wide range of pressures in the business environment that can lead to dysfunctional ethical behaviour (Pierce & Sweeney, 2010; Robertson, Lamin, & Livanis, 2010), even though the securities market code and agency theory itself severely punish all agents that violate the trust of a fiduciary relationship. Despite the existence of control mechanisms, we continue to witness skewed financial or fraudulent information, or information with innumerable omissions contained in the financial statements of both listed and unlisted companies. This has brought about the emergence of SOX (Sarbanes Oxley Act, 2002) and PCAOB (Public Company Accounting Oversight Board, 2006), which established a number of conduct rules in order to foster integrity, honesty and the morality of agents. It is taken as a given, then, that the accountants and the auditors exercise a fundamental role in the control of institutions and the good practices of corporate governance, but it is also recognised that the introduction of further rules of conduct might not function satisfactorily and, therefore, the development of a better quality education is advocated as an instrument with the potential to mitigate the effects of financial scandals (Low, Davey, & Hooper, 2008; Padia & Maroun, 2012). Further, it is stated (Dedoulis, 2006) that the conception of confidence is dynamic and an endogenous factor in the system, and, as a result, responses have to be drawn up through ethical commitments. This strengthening is fundamental in order to overcome the present economic crisis. Boatright (1999) refers to the complexity of the ethical dimension, suggesting that this is not solely related to individual conduct, but, also to financial operations and banking institutions. The deviant conduct of agents in relation to ethics arises from a multitude of factors (Gouvêa & Avanço, 2006; Moreira, 2002), with these authors recommending a legal approach as an appropriate way of restoring ethical behaviour in financial companies. Generally speaking, all the aforementioned researchers point to the necessity of high-level ethical training that furnishes professionals with the possibility of

detecting ethical problems that are not perceptible, which presupposes an ethical sensibility (Karcher, 1996).

In this environment characterised by complexity, this research project centres on the auditing professionals in Portugal—statutory auditors, court auditors, as well as internal auditors—who carry out a service of recognised public interest, and who undertake important activities in the control structures of corporate governance in societies, and to whom can be added teachers working in higher education, because of their highly qualified status. The central objective is to ascertain, empirically, the perceptions of these agents in respect to the practices and ethical performance of auditing and accounting professionals, as well as the role of corporate governance and the professional associations in meeting the formal and informal expectations of trust of all the stakeholders. Consequently, the focus of this research falls on three questions: whether Portuguese auditing professionals and the teachers who teach auditing possess an ethical attitude, whether they conduct ethical practices, and whether instruments of control for the promotion of ethical performance exist. It also makes a contribution to the existing literature on this theme by adding the thinking of Portuguese professionals on the current debate of ethics in organisations, through a multifaceted vision based on various professional groups. Further, and as far as the present author is aware, the present study has innovative characteristics and addresses important gaps. Indeed, the studies undertaken, overwhelmingly in Anglo-Saxon environments and contexts, are overly reductionist given that they focus their analysis of ethics solely on the external auditors and accountants, thereby overlooking a number of important auditing professionals, something which is not evident in the present study. On the other hand, the questions that have been posed in different studies refer to very specific aspects of ethics which, because of their Cartesian significance, do not permit a systemic analysis, something which is undertaken in this study. In addition, the consideration of the perceptions of the teachers enriches the study, thus attaining a more global perspective. It is also the first study carried out in Portugal—an empirical analysis—in relation to ethics in business organisations. The work is divided into chapters, the second of which reviews the most important literature on this issue, while the third sets out the research methodology and centres on a discussion based on the answers of the respondents. In the fourth, the results are discussed, framed and compared, as far as possible, to research which has already been undertaken. Finally, the conclusions and limitations are discussed and proposals for further research put forward.

2. Review of Literature

In general terms, the most recent literature on this research topic, values the so-called ethics market (Arens, Elder, & Beasley, 2010; O'Sullivan, 2007; Cortina, 2003), and suggests the need to revitalise the concept given the number of financial scandals that have taken place internationally in a context of globalised business. Others (Rego, 2013) highlight the need to rethink capitalism in terms of social criteria, in which ethical choice is seen as a pillar of development in society.

The proliferation of research on this theme is partly related to the detection of non-ethical behaviour of management, accounting and auditing professionals, Bampton and Cowton (2013: 549–563), which has motivated the improvement of ethical codes, which today are considered fundamental instruments of any profession, above all in those that detain monopolistic and self-regulatory control. These characteristics generate power and their own interests from which may arise conflicts between clients and professionals, hence a code of ethics is considered to be a calibrating instrument in the public service provided by the aforementioned professionals (Karcher, 1996).

The main objective of the regulatory process in accounting and auditing which has been developed over the last 120 years is to endow financial and non-financial information with greater transparency whilst simultaneously developing more ethical and responsible accountability practices. This is at the heart of the theory of confidence developed by Zucker (1986), which is taken to be a fundamental part of the social stock of knowledge (Berger & Luckman, 1967). This concept of confidence was introduced into the accounting literature by Neu (1991) and Armstrong (1991) and presently contributes to the explanation and understanding of the regulatory context of corporate governance of accounting and auditing. In relation to the three aforementioned control mechanisms, professionals are faced with conflict of interests and problems of social well-being, situations that may eventually influence the behaviour of professionals in ethical terms, so these mechanisms can encourage individuals to develop their professional careers according to the continuous and rigorous observation of the parameters of quality and integrity of the services provided, and to act in compliance with the norms and professional code of ethics, known at the time of acting, as codes of quality and security (Melé, 2005).

The mechanisms of *corporate governance* represented by the attributes of independence and the code of conduct of managers, help to reduce the credibility *gap*. This situation is portrayed in the studies of Hamdallah (2012) and, in turn, Davidson and Stevens (2013) suggest that the public adherence by managers to the code of ethics of

corporate governance reinforces non-selfish behaviour.

Business ethics covers all the functions of a company, whether external relations—clients, suppliers, banks, state—or whether internal relations, in which top management can be included. These interdependencies demand codes of conduct: that is to say, declarations of principles in which certain objectives of an ethical character are established and which are desirable targets to achieve both inside and outside the company (Moreira, 1999).

For Cortina (2003), so that the company is transformed into a truly ethical environment: organisations are, above all else, moral agents, judges that consider the costs of alternative action, capable of choosing paths and justifying the decisions with reference to a suitable code of conduct.

Gouvêa and Avanço (2006) and Moreira (2002) recommend a legal approach as a suitable way of restoring ethical behaviour in financial companies. Generally, the aforementioned researchers point to the need for high quality ethical training which provides professionals with the possibility of detecting ethical problems that are not visible, which presupposes an ethical sensibility (Karcher, 1996).

These standards of behaviour are the benchmark for non-ethical or deviant behaviour generated in practices. To minimise non-ethical behaviour it is necessary to reach an adequate understanding of the factors which give rise to conflicts and dilemmas in business practices. This notion has largely been confined to educators and practitioners, although in the 1990s, it became the centre of attention of the academic community (Ponemon & Gabhart, 1994). Ponemon and Gabhart concludes that auditors fail in relation to the general public because they are mere rule enforcers, and do not consider, as a priority, the economic substance of the transactions. Ethical behaviour in corporate governance, accounting and auditing, has been researched, in philosophical terms, from a perspective of individual or collective behaviour and from a perspective of public interest.

In individual or collective terms, research has centred on the behaviour of management, accounting and auditing, and, above all, on the formal teaching of business ethics through education. The philosophy of these studies rests on the assumption that accounting and auditing are public professions: as such, the decisions taken by these professionals have a broad range of social and ethical implications: the accounting choices and the decisions taken affect organisations and society. Hence, the teaching of ethics, in teaching establishments, will provide students with the conceptual framework and the necessary competencies to deal with ethical questions and social responsibilities. In this context, the majority of research is guided by the central question in auditing—independence—and not only includes external auditors but also internal auditors.

The teaching of ethics through study programmes of management, accounting and auditing in educational institutions is a line of research that has been more notable since 1995, and it is understood that, as ethics is the economy in the long-term, the response to the financial scandals should start with the introduction of ethics in business schools, so as to prevent future deviant behaviour. It is in this line of thinking that Thornton (2012) and Gaa (2010) show that the professional attitude of the preparers of financial information and the auditors should be the result of an institutional education that helps to transform the student into a professional. Sisaye (1997; 2011), Kite and Radtke (1997), Ho (1997), Sikka, Haslam, Kyriacou and Agrizzi (2007), Sedaghat, Mintz and Wright (2011) discuss the institutional approach to ethics education in accounting, and argue that a formal education in accounting ethics enables students to apply the moral principles of thinking to the question of ethical problems.

In the same line of research, the work of Cheng (2012), Manalo (2013), Frank, Ofobike and Gradisher (2010), Usurelu, Marin, Danailă and Loghin (2010), suggest that ethics is more important than technological instruments and knowledge itself.

From the public interest perspective, research has sought to identify the ethical problems with which external auditors are faced and with the role of the financial report in decision-making. These aspects are considered important in the role that auditors play in society and, as a result, in the defence of the public interest. Doucet and Eprile (2000) and Riotto (2008) start from the principle that auditors and regulators detain an important social role and responsibilities towards all stakeholders: logically the defence of the public interest is the first duty of the auditor towards the public through the emission of an opinion on the true and adequate image of financial statements, which suggests that corporate governance is fundamental in this balance. In turn, Williams (1999) and Bolt-Lee and Moody (2010) state that accounting practices have important ethical consequences and that these problems not only relate to individuals but also to accounting understood as an institution, hence the necessity for it to be regulated so as to defend social well-being. Pierce, (2007) in research related to ethics published for Scottish professionals by ICAS (Institute of Chartered Accountants of Scotland), criticises rules-based culture, and reaffirms the public interest of the profession. At the level of financial reporting, the rules-based-approach is criticised, that is, for the fixed compliance with rules (Caplan, Dutta, & Marcinko, 2012;

Pincus, 2000) while not addressing moral and ethical issues. The strict compliance with codes of conduct is deemed by a considerable number of researchers (Stephens, Vance, & Pettegrewm, 2012; Alwan, 2012; Vásquez, 2007; Felipe, Imoniana, Domingos, & Soares, 2012; Spalding & Oddo, 2011; Kushniroff, 2012) to be particularly reductionist and should be considered from a broader perspective that confers critical mass in order to resolve ethical dilemmas adequately.

3. Methodology

3.1 Sample and Data Collection

The procedure used to study this issue of ethics in Portugal was carried out through the elaboration of questionnaires to be answered by technicians/professionals (statutory auditors, internal auditors and court auditors) and teachers.

Various questions related to the following areas were included: behaviour of auditors, behaviour of managers, corporate governance, limitations of accounting. Each one of the areas described above contains the following statements to which the respondents should reply whether they are in agreement or not. The questionnaire was sent to all auditors and teachers

Chart 1. Questions asked

Behaviour	Question	Order
Auditors	Unethical performance of auditors	1
Managers	Little concern for the interest of shareholders	2
	Unethical behaviour	3
	Individual objectives outweigh collective ones	4
Corporate governance	Corporate governance not very active in the detection of errors and frauds	5
Institutes/	Inadequate control of the quality of work of the auditors	6
Associations	Insufficient disciplinary power	7
	Permissive behaviour in relation to colleagues	8
Accountants	Lack of ethics on the part of the accountants	9
	Creative accounting practices	10

Employing a questionnaire, made up of a number of statements and questions, was used because it allowed for the assessment of the attitudes and opinions in relation to the behaviour of auditors, and to the existence or not of control structures and the auditing market. Apart from the study of measurable variables, this instrument also allowed for the confirmation or rejection of the various hypotheses being researched. In order to more accurately define their operationalization, a pilot study was used with a reduced sample of the population, with the aim of eliminating doubts concerning interpretation: the results of the questionnaire were considered satisfactory. On the questionnaire, there are objective measurements related to knowledge and behaviour and subjective measures that reference the judgements, the attitudes and the opinions, as well as the behavioural intentions and the preferences related to the issue being analysed. The questionnaire is also made up of a number of closed questions focused on the theme of the research and posed in an abstract or generic way, which allows for the subsequent use of descriptive statistic measures. The questionnaire sought to collate information in a clear and concise manner, placing importance on how it was presented and the short time needed to complete it, factors considered to be decisive in a higher RR (response rate) (Frolich, 2002; Yammarino, Skinner, & Childers, 1991). Taking into account the different levels of knowledge, it was deemed justifiable to conceive of two groups of distinct questions: for the auditing professionals and the teachers. In both questionnaires, the first section of questions is general in nature, seeking to ascertain certain characteristics of the respondent: age, academic qualifications, experience in auditing (if applicable), the manner in which they exercise their profession, the type of company they audit or their position in the company. The second section is made up of 10 questions aimed at detecting perceptions, attitudes and behaviour that encapsulate various aspects related to ethics.

The questions posed reflect the general and specific concerns that exist in the international literature concerning the issue of ethics in business organisations. In fact, the theme is freely referred to by classical economists, with Smith (1776) justifying the economy based on moral foundations; Coase (1937) states that the power and authority of distributing resources is more important than the price mechanism; in turn, Freeman (2001), in accordance with *stakeholders theory*, points out that at management level the decisions are taken in a framework of contracts in which the different stakeholders should be fair and impartial. The different philosophical tendencies, applied to economic ethics, aim to establish a judgement concerning the positive or negative aspects of the agents' behaviour

and actions. Therefore, the general questions little concern for the interest of shareholders, unethical behaviour of managers, selfish behaviour centred on individual objectives to the detriment of collective ones, constitute a range of questions that aim to reflect these general concerns concerning good behaviour, virtues and rules (Camino, 2004). In more specific terms, Duska and Duska (2003) state that accounting and auditing, as a human activities, have an ethical dimension, with it being necessary, in order to understand this dimension, to examine the convergence of these activities as a human activity. In turn, Weygandt, Kieso and Kimmel (2012) refers to the ethical dimension as the foundation stone of accounting. Further, Knechel, Salterio and Ballou (2007) state that the accountant and the auditor are continuously making judgements, and evaluating actions and practices, hence it is necessary to evaluate the behaviour of these professionals undertaking actions that might be ethical or unethical, and that only the understanding of the thinking inherent to the rules allows for a better understanding (Reding, Sobel, Anderson, Head, Ramamoorti, Salamasick, & Riddle, 2009; Angulo & Garvey, 2005). These concerns are reflected in the questions on non-ethical behaviour of auditors, expressed in the questions on *lack of ethics on the part of accountants and practices of creative accounting*, based on the statement of Messier (2012), who suggests that ethical conduct is the basis of modern professionalism, and that the most important asset of an economic agent is their integrity and unsoiled reputation. The ethical responsibilities of managers, accountants and auditors are abundantly illustrated by Knapp (2012), Thibodeau and Freier (2007), Weygandt, Kieso and Kimmel (2012), and Stuart and Stuart (2004), when presenting a number of situations of systematic violation of professional codes of conduct in accounting, auditing and corporate governance : the manipulation of results and of balance sheets, corporate governance, management fraud and accounting choice - situations which the questions posed about the limitations of corporate governance practices in the detection of error and fraud and the insufficient power of enforcement by the professional associations in relation to the codes of conduct are designed to investigate. In sum, the questions are in keeping with the international literature on the topic, and the considerable number of these allows inferences to be made on an adequate basis. The way these are structured, although we do not consider this to be relevant, could be done differently. In sum:

Chart 2. Authors and their ethical concerns

Authors	Issue	Question
Smith (1776); Coase (1937); Freeman (2001); Browie and Werhare (2005).	Ethical aspects of economy, ethics, in general terms, in the allocation of resources, general judgements concerning the behaviour and action of agents. Institutions with ethical environments	2 3 4
Camino (2004); Duska and Duska (2003); Weygandt, Kieso and Kimmel (2012); Knechel, Salterio and Ballou (2007).	Specific ethical aspects of accounting and auditing	1 9 10
Jennings (2004); Velayuthan (2003); Reding, Sobel, Anderson, Head, Ramamoorti, Salamasick and Riddle (2009); Angulo and Garvey (2005).	Ethics translated into principles or rules, compliance with different ethical codes issued by professional bodies	6 7 8
Boatright (1999); Guy, Carmichael and Lach (2003); Camino (2004)	Business control structures of agent performance	5

In the empirical study carried out, professional institutes and associations collaborated. The following institutions took part: Association of Statutory Auditors (OROC), Portuguese Institute of Internal Auditors (IPAI), Court of Auditors (TC) and various Portuguese polytechnics and universities. The sending out and the subsequent reception of the questionnaires took place between January and August 2010.

The population chosen to undertake this study comprises various groups that work in and teach auditing: statutory auditors (ROC's), internal auditors (AI), court auditors (ATC), and higher education teachers of accounting and auditing. Samples were not selected, because the questionnaires were sent to the entire number of active members enrolled in the professional organisations.

The questions asked the Portuguese auditing professionals and teachers of higher education reflect general concerns in relation to ethical behaviour, and seek to ascertain whether, in the perception of respondents, there is evidence of the conviction that control mechanisms and regulatory structures encourage a more ethical framework of practice of the agents.

Hence, the questions formulated, albeit in a broad manner, approach the issue of the behaviour of the preparers of financial information and auditors that validate this information, allowing us to infer the perception of other

professionals in respect to corporate governance and regulatory structures that, fundamentally, end up shaping the ethical behaviour of the agents involved in the process of preparing and validating financial information.

We could equally ask questions of a more analytical nature, yet the number and content are considered sufficient to develop the present study. The analysis is further enhanced by questioning the teachers because as they are responsible for the teaching of ethics in accounting, auditing and management, they provide an outside perspective that contrasts with that of the professionals.

The population of the 1275 respondents is related to Table I, and is the aggregate result of the questionnaires sent to the entire membership of the professional bodies previously described, and to the teachers of accounting and auditing.

Of the 1275 questionnaires sent out to the target population, 521 were returned and received, from which 447 were answered in their entirety. Given the quantity of information obtained and taking into account that the unanswered questionnaires, in their entirety, are liable to cause distortions in the analysis of the results, it was decided to work with the total of answered questionnaires. Hence, the response rate (RR) was 35%. The response rate is generally interpreted as an indication of the measure of care with which the study was undertaken and also of the interest or relevance that the subject of the study holds for business management (Frolich, 2002). Accordingly, it is believed the rate response of the present study is acceptable, given that is above the minimum of 23% recommended in the methodology of Malhotra and Grover (1998).

The questionnaire sought to collate information in a clear and concise manner, placing importance on how it was presented and the short time needed to complete it, factors considered to be decisive in a higher response rate (Frolich, 2002; Yammarino, Skinner, & Childers, 1991). Taking into account the different levels of knowledge, two groups of questions were created: for the auditing professionals and the teachers.

In both the questionnaires, the first section of questions is general in nature, seeking to ascertain certain characteristics of the respondent: age, academic qualifications, their experience in auditing (if applicable), the manner in which they exercise their profession, the type of company they audit or their position in the company.

The second section is made up of 10 questions that summarize various aspects related to ethical behaviour in accounting and auditing, and the existence of regulatory structures, and to which the respondents answered according to a Likert Scale.

The reasons for selecting these professional groups are the following:

- The statutory auditors - as they certify the financial statements of companies and issue the audit report. With the collaboration of the OROC, a circular letter, together with the questionnaire, was sent to all the statutory auditors, who were exercising their profession in 2010, coming to a total of 766. Therefore questionnaires were sent to the statutory auditors that work, whether as individuals or in companies, as well as the statutory auditors working for large multinational auditing companies and national and regional auditing companies.
- The internal auditors - because of their role in the prevention and detection of fraud which takes place in their companies. To question the internal auditors we were supported by the IPAI, which sent the questionnaire to 300 internal auditors by e-mail.
- The court auditors - as they audit public bodies and, as a consequence, the use of taxpayers' money. Authorisation was obtained from the Court of Auditors for its auditors and assistants to distribute the questionnaires: 39 questionnaires were distributed.
- Higher education teachers of accounting and auditing - due to their important role in the training of former and future auditors and the expertise they possess in auditing and accounting. To distribute the questionnaires, the heads of departments of polytechnics and of some universities were requested to support the distribution of questionnaires, with 170 being distributed.

3.2 Characterisation of the Groups Surveyed

The questionnaires sent and received to each group were as follows:

Table 1. Number of responses from professionals

Professional	Total	Responses	% Responses approximately
AI	300	51	17
ATC	39	25	64
Teachers	170	159	94

ROC	766	212	28
Total	1275	447	35

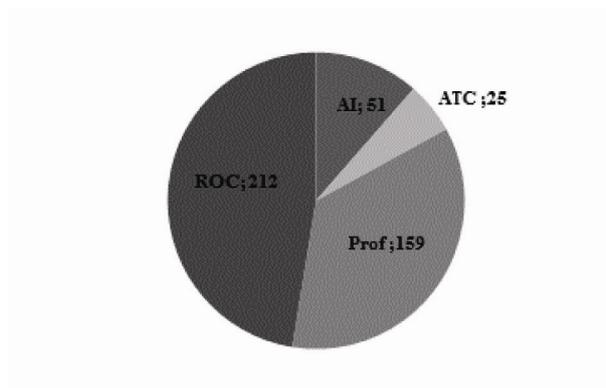


Figure 1. Representation of audit professionals

From the responses obtained, the professional groups are divided in the following way:

Table 2. Socio-demographic data of the professionals

	Indicator		N	% approximately
Internal auditors	Age	>40	33	65%
		<=40	18	35%
	Companies they audit	Listed	20	40%
		Unlisted	31	60%
	Qualifications	Bachelor's degree	41	80%
Master's		10	20%	
ATC	Length of service	1 to 5 years	3	12%
		+ 5 years	22	88%
	Age	>40	23	92%
		<=40	2	8%
	Qualifications	Bachelor's degree	25	100%
Teachers	Age	>40	91	57%
		<=40	68	43%
	Institute where they lecture	University	31	20%
		Polytechnic	128	80%
	Qualifications	Bachelor's degree	65	41%
		Master's	76	48%
PhD		18	11%	
ROCs	Type of activity	Individual	87	41%
		Company	125	59%
	Experience	>10 years	138	65%
		<=10 years	74	35%
	Age	>40	55	26%
		<=40	157	74%
	Connection	Without international connection	89	42%
		With international connection	123	58%
	Companies they audit	Listed	11	5%
		Unlisted	142	67%
	Qualifications	Both	59	28%
		Bachelor's degree	184	87%
Master's		25	12%	
PhD		3	1%	

Taking each professional area, it can be noted:

- Internal auditors

The total number of questionnaires received from the internal auditors was 51, with the majority being professionals over 40 years of age, and who work for unlisted companies, and, in terms of academic qualifications, the majority possessing a bachelor's degree.

- Court auditors

The majority of court auditors reported their age to be over 40, with the majority working for more than 5 years in their institution, with all of them having a bachelor's degree/being certified.

- Teachers

The majority of the teachers questioned were over 40 years of age, with the majority of these working in polytechnics and having a bachelor's degree.

- Statutory auditors

The majority of the statutory auditors questioned work in a statutory auditing company, having 10 years of professional experience 67% of the statutory auditors consulted audit in unlisted companies and 5% have connections with large auditing companies.

3.3 Study Hypotheses

The behaviour of managers has been analysed in different studies Kaplan and Ruland (1995), Doucet and Eprile, (2000), Riotto (2008), among others, have pointed to dysfunctional ethical behaviour of managers, hence we formulated the following hypothesis in relation to the perceptions of Portuguese professionals on this issue:

Hypothesis 1 (H₁): There is a significant association between the responses to the questions that relate to the behaviour of managers when considering the professional groups of the study (AI's, ATC's, Roc's and teachers) on the one hand, and, on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Here, the aim is to explain and understand, from the perspective of the respondents, the institutional and regulatory context of corporate governance, of accounting and auditing, in accordance with the studies of Nielsen and Massa (2013), Hannafey and Vitulano (2013) and Melé (2005), so the following hypothesis was formulated:

Hypothesis 2 (H₂): The existence of relevant associations can be observed between the responses to the questions that refer to the performance of the professional institutions and associations when considering, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Following the research of Jin, Drozdenko and DeLoughy (2013), Dzurainin, Shortridge and Smith (2013), Tweedie, Dyball, Hazelton and Wright (2013), Thornton (2012), Gaa (2010), we sought to analyse the opinions of the respondents concerning accounting practices and their ethical consequences, with the subsequent hypothesis being constructed:

Hypothesis 3 (H₃): The responses to the questions in relation to the limitations of accounting present in the study, are related, taking into consideration, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Here, the aim is to study auditor behaviour, be this in terms of self-assessment or as an attempt to ascertain whether the respondents have similar perceptions in relation to the individualised performance of each professional group, and in relation to the auditors (Weygandt, Kieso, & Kimmel, 2012; Stuart & Stuart, 2004), so the following hypothesis was elaborated:

Hypothesis 4 (H₄): The perceptions of auditor behaviour differ substantially between the teachers and the technical professionals (Roc's, ATC's and AI's).

The objectives of the following hypothesis seek to verify whether there are different perceptions between the professional groups questioned concerning the behaviour of managers (Caplan, Dutta, & Marcinko, 2012; Weygandt, Kieso, & Kimmel, 2012):

Hypothesis 5 (H₅): The perceptions of the behaviour of managers differ significantly between the teachers and the technical professionals (Roc's, ATC's and AI's).

Here the intention is to observe whether the mechanisms of *corporate governance* and their connection to ethics are understood in a similar way or not by the professional groups and the teachers (Stephens, Vance & Pettegrewm, 2012; Alwan, 2012; Felipe, Imoniana, Domingos, & Soares, 2012). Hence:

Hypothesis 6 (H₆): The behaviour in relation to corporate governance reveals substantial differences as perceived by the teachers and technical professionals (Roc's, ATC's and AI's).

The contrast of the perceptions of the professional groups, with those of the teachers concerning *enforcement mechanisms*, (Duska & Duska, 2003; Jin, Drozdenko, & DeLoughy, 2013), is the basis of the following hypothesis:

Hypothesis 7 (H₇): There are significant differences in the way the technical professionals (Roc's, ATC's and AI's) perceive the performance of the professional institutions and associations as opposed to the way the teachers do.

As a hypothesis, it is posited that the perceptions of the limitations of accounting, based on the questions posed, differ among the teachers and the professional groups (Hamdallah, 2012; Davidson & Stevens, 2013) Therefore:

Hypothesis 8 (H₈): The limitations of accounting are perceived differently by the teachers and the technical professionals (Roc's, ATC's and AI's).

An aim is to gauge whether the professional groups have a homogenous view or not of auditor behaviour, (Gouvêa & Avanço, 2006; Moreira, 2002), through the following hypothesis:

Hypothesis 9 (H₉): There are significant differences in the way that each professional group (Roc's, ATC's, AI's and teachers) view the behaviour of auditors.

In the literature, management behaviour is referred to as the basis for reprehensible ethical practices in *corporate governance* (Stuart & Stuart, 2004; PCAOB, 2006; IMA, 2005). Therefore, an aim is to determine whether different perceptions exist in the professional groups questioned, hence the following hypothesis was constructed:

Hypothesis 10 (H₁₀): The perception in relation to management behaviour is significantly different between professional groups (Roc's, ATC's, AI's and teachers).

Due to their fragility, the mechanisms of *corporate governance* are identified as undemanding in the monitoring of agents that intervene in the process of *accountability* (Kaplan & Ruland, 1995; Rammana, 2013; Linsley & Slack, 2013), hence the following hypothesis was formulated:

Hypothesis 11 (H₁₁): Significant differences are verified in the way each professional group (Roc's, ATC's, AI's and teachers) perceives corporate governance.

With this hypothesis, the intention is to ascertain whether or not the professional institutions rigorously monitor the ethical behaviour of their members (Small, 2013; Beerli, Dayan, Vigode-Gadot, & Werner, 2013), hence:

Hypothesis 12 (H₁₂): There are visible differences in the way each professional group (Roc's, ATC's, AI's and teachers) perceives the performance of the professional institutions and associations.

What is the perception of the professional groups questioned concerning creative accounting practices (Weygandt, Kieso, & Kimmel, 2012; Stuart & Stuart, 2004), and the lack of ethics of accountants in the process of accountability (Pierce, 2007; Williams, 1999; Bolt-Lee & Moody, 2010), hence the formulation of the hypothesis below:

Hypothesis 13 (H₁₃): the perceptions in relation to the limitations of accounting differ substantially between the professional groups (Roc's, ATC's, AI's and teachers).

3.4 Results

In order to verify the veracity of the first three hypotheses put forward, Spearman's coefficient correlation was determined, firstly by considering the professional groups separately, and, next, by putting the technical professional groups (Roc's, ATC's and AI's) together in one group. By doing this, the intention was to correct any distortion of the results and the conclusions that might arise from considering the professional groups separately.

The results in relation to the responses corresponding to the internal auditors are presented in the following table.

Table 3. Results of Spearman's coefficient correlation—internal auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.363**	0.009
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	-0.052	0.717
	Question 2.2 - Unethical behaviour	0.107	0.456
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.2 - Insufficient disciplinary power	0.015	0.915
	Question 4.1 - Inadequate control of the quality of work of the auditors	-0.028	0.847
Accountants	Question 4.3 - Permissive behaviour in relation to colleagues	0.346*	0.013
	Question 4.2 - Insufficient disciplinary power		
	Question 4.3 - Permissive behaviour in relation to colleagues	0.094	0.510
	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices		

Note. * $p < 0.05$; ** $p < 0.01$.

By observing Table 1, it can be verified that, from the point of view of the internal auditors, the following are statistically significant correlations:

- Behaviour of managers :

Questions 2.1 and 2.2: A moderate correlation, which is statistically significant, can be observed between the responses to these questions ($Rho=0.363$; $p < 0.05$). There therefore seems to be evidence that the managers' unethical behaviour is manifested through the little concern for the interests of shareholders.

- The performance of the professional institutions and associations:

Questions 4.2 and 4.3: A moderate correlation, which is statistically significant, can be observed between the responses given by the internal auditors and these questions ($Rho=0.346$; $p < 0.01$). Thus, the internal auditors consider that the insufficient disciplinary power of the professional institutions and associations and the Permissive behaviour in relation to colleagues are issues that are closely related.

In Table 4, the correlations between the responses given by the court auditors are presented.

Table 4. Results of Spearman's coefficient correlation—court auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.400*	0.047
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	0.056	0.790
	Question 2.2 - Unethical behaviour	-0.083	0.692
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 4.1 - Inadequate control of the quality of work of the auditors		
	Question 4.2 - Insufficient disciplinary power	0.149	0.477
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.570**	0.003
Accountants	Question 4.3 - Permissive behaviour in relation to colleagues	-0.034	0.871
	Question 4.2 - Insufficient disciplinary power		
	Question 4.3 - Permissive behaviour in relation to colleagues	0.461*	0.020
	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices		

Note. * $p < 0.05$; ** $p < 0.01$.

By observing Table 4, it can be verified that, from the point of view of the court auditors, the following are statistically significant correlations:

- Behaviour of managers:

Questions 2.1 and 2.2: There is positive moderate correlation ($Rho=0.400$; $p<0.05$) between the responses given to these two questions which indicates that the little concern for the interests of shareholders is a reflection of the managers' unethical behaviour.

- The performance of the professional institutions and associations:

Questions 4.1 and 4.3: There is a strong correlation ($Rho=0.570$; $p<0.01$) between the responses given to these two questions which indicates that Permissive behaviour in relation to colleagues and Inadequate control of the quality of work of the auditors, are strongly related.

- Limitations of accounting and behaviour of accountants:

Questions 5.1 and 5.2: There is a positive moderate correlation between the responses given to these questions ($Rho=0.461$; $p<0.05$) which indicates the presence of an association between the lack of ethics on the part of the accountants and creative accounting practices.

The correlations between the answers given by the ROCs in relation to the questions asked can be observed in the table 5:

Table 5. Results of Spearman's coefficient correlation—statutory auditors

Behaviour	Questions	Spearman's coefficient correlation	<i>p-value</i>
Managers	Question 2.1 - Little concern for the interest of shareholders	0.138*	0.045
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	-0.003	0.964
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	0.147*	0.032
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.143*	0.037
	Question 4.2 - Insufficient disciplinary power		
	Question 4.1 - Inadequate control of the quality of work of the auditors	-0.101	0.144
	Question 4.3 - Permissive behaviour in relation to colleagues		
Question 4.2 - Insufficient disciplinary power			
Accountants	Question 4.3 - Permissive behaviour in relation to colleagues	0.008	0.906
	Question 5.1 - Lack of ethics on the part of the accountants	0.136*	0.048
	Question 5.2 - Creative accounting practices		

Note. * $p<0.05$; ** $p<0.01$.

By observing Table 5, the following statistically significant correlations can be verified:

- Behaviour of managers

Questions 2.1 and 2.2 and Questions 2.2 and 2.3: There are correlations, albeit weak ones, between each of these pairs of questions. Hence, the unethical behaviour of managers may lead to little concern for the interest of shareholders ($Rho=0.138$; $p<0.05$) or may manifest itself through individual objectives outweigh collective ones ($Rho=0.147$; $p<0.05$).

- The performance of the professional institutions and associations

Questions 4.1 and 4.2: There exists a weak correlation ($Rho=0.143$; $p<0.05$) between the responses to these two questions. The inadequate control of the quality of work of the auditors and the insufficient disciplinary power are, therefore, factors that are related.

- Limitations of accounting and behaviour of accountants

Questions 5.1 and 5.2: There exists a weak correlation between the responses to these two questions ($Rho=0.136$; $p<0.05$), with the lack of ethics on the part of the accountants being associated with creative accounting practices.

The results of the correlations between the responses given by the teachers to the questions under discussion can be seen in Table 6:

Table 6. Results of Spearman's coefficient correlation—teachers

Behaviour	Questions	Spearman's coefficient correlation	<i>p</i> -value
Managers	Question 2.1 - Little concern for the interest of shareholders	0.228**	0.004
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	0.120	0.131
Question 2.3 - Individual objectives outweigh collective ones			
Question 2.2 - Unethical behaviour			
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	0.052	0.514
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.117	0.143
	Question 4.2 - Insufficient disciplinary power		
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.031	0.700
	Question 4.3 - Permissive behaviour in relation to colleagues		
Question 4.2 - Insufficient disciplinary power			
Accountants	Question 4.3 - Permissive behaviour in relation to colleagues	0.011	0.893
	Question 5.1 - Lack of ethics on the part of the accountants	0.174*	0.028
	Question 5.2 - Creative accounting practices		

Note. * $p < 0.05$; ** $p < 0.01$.

Thus, and in accordance with the teachers, there are statistically significant correlations between the responses to the following questions:

- Behaviour of managers

Questions 2.1 and 2.2: There is a moderate correlation ($Rho=0.228$; $p < 0.01$) between the responses to these two questions, with the unethical behaviour of the managers being reflected in the little concern for the interest of shareholders.

- Limitations of accounting

Questions 5.1 and 5.2: There is a moderate correlation ($Rho=0.174$; $p < 0.05$) between the responses to these two questions, leading one to conclude that lack of ethics on the part of the accountants is intimately related to creative accounting practices.

In order to correct possible bias in the results and the conclusions that might result from considering the professional groups separately, at this point only one group will be considered, the technical professions, by grouping together the ROC's, ATC's and AI's.

The results of the correlations arising from the responses can be seen in Table 7.

Table 7. Results of Spearman's coefficient correlation—technical professionals

Behaviour	Questions	Spearman's coefficient correlation	<i>p</i> -value
Managers	Question 2.1 - Little concern for the interest of shareholders	0.031	0.603
	Question 2.2 - Unethical behaviour		
	Question 2.1 - Little concern for the interest of shareholders	0.060	0.310
	Question 2.3 - Individual objectives outweigh collective ones		
	Question 2.2 - Unethical behaviour		
Professional associations and institutions	Question 2.3 - Individual objectives outweigh collective ones	- 0.062	0.297
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.035	0.555
	Question 4.2 - Insufficient disciplinary power		
	Question 4.1 - Inadequate control of the quality of work of the auditors	0.051	0.390
	Question 4.3 - Permissive behaviour in relation to colleagues		
	Question 4.2 - Insufficient disciplinary power		
	Question 4.3 - Permissive behaviour in relation to colleagues	0.071	0.230

Accountants	Question 5.1 - Lack of ethics on the part of the accountants		
	Question 5.2 - Creative accounting practices	0.022	0.707

Note. *p<0.05; **p<0.01.

It can be concluded that there are no statistically significant correlations between the responses obtained from each of the questions posed when the auditing professionals are considered in one group.

The data collected was summarised in the tables that follow. Firstly, the percentage (frequency) was established of the participants that disagreed or agreed with each of the statements of the questionnaire. The respondents were divided into two groups: teachers and technical professionals (ROC's, ATC's and AI's). Descriptive measures were established, such as means and standard deviations of each group, and *Student* t-tests were carried out to compare means of independent samples.

In general, the perceptions of the teachers and the technical professionals reveal statistically significant differences in 7 of the 10 questions under consideration, whereas the responses of the two groups are consistent for the other three questions.

- Behaviour of accountants

Table 8 shows the data in relation to the questions concerning the behaviour of the auditors.

Table 8. Summary of statistics—behaviour of accountants

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.1.1. Unethical performance of auditors	24.5 74.8	2.180 1.287	23.6 76.4	2.320 1.048	1.178 0.240

Notes. ¹The questions of the survey are rated on a Likert scale from 1 to 5 points, with 1 corresponding to “Totally disagree” and 5 corresponding to “Totally agree”. Neutral responses are indicated with a rating of 3.

²To calculate the frequencies corresponding to “Agree”, responses to '4' and '5' were considered, whereas the responses to '1' and '2' were considered for “Disagree”. The difference in percentage in relation to these two situations, in each question, corresponds to the individuals that responded ‘Neither agree nor disagree’.

³The statistics were determined on the basis of t-Student tests for independent samples.

⁴*p < 0.10; **p < 0.05; ***p < 0.01.

The majority of teachers (74.8%) disagree with the statement that there appears to be “*Unethical performance of the auditors*”, an opinion that is in line with the perspective of the technical professionals, for whom the corresponding percentage is 76.4%. Further, a mean of $M=2.180$ ($SD=1.287$) can be verified for the group of teachers, with a mean of $M=2.380$ ($SD=1.048$) being the corresponding value for the technical professionals. The results of the responses to these questions, on the part of both groups, do not, therefore, demonstrate statistically significant differences.

- Behaviour of managers

Table 9 shows the summary of the results from the questions related to manager behaviour:

Table 9. Responses to questions and summary of statistics—behaviour of managers

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.2.1. Little concern for the interest of shareholders	51.6 47.1	3.090 1.144	51.4 48.3	3.050 1.233	-0.369 0.712
Q.2.2. Unethical behaviour	56.0 42.1	3.120 1.171	43.1 55.6	2.870 1.170	-2.174 0.030**
Q.2.3. Individual objectives outweigh collective ones	85.5 12.6	3.910 0.983	68.1 31.6	3.520 1.312	-3.562 0.000***

See notes for Table 8.

Both groups express similar opinions in relation to the question concerned with the little concern with the interests of the shareholders. The percentage of teachers that agree with this statement is 51.6% ($M=3.090$; $SD=1.144$), whereas the corresponding percentage for the technical professionals is 51.4% ($M=3.050$; $SD=1.233$). Hence, the responses to this question are consistent in both groups.

The majority of teachers (56%) agree with the statement that managers display signs of unethical behaviour. This perspective is not, however, shared by the technical professionals, for who the corresponding percentage is 43.1%. The mean response of the teachers to this question is $M=3.120$ ($SD=1.171$), with a mean of $M=2.870$ ($SD=1.170$) being the corresponding value for the technical professionals. The responses given by both professional groups demonstrate, therefore, statistically significant differences (considering the significance level of 5%).

Further, in relation to the behaviour of managers, and in relation to the question that refers to individual objectives outweighing collective ones, the groups in question do not express similar opinions. Thus, the percentage of teachers that agree with this statement is 85.5% ($M=3.910$; $SD=0.983$), whereas the corresponding percentage for the technical professionals is 68.1% ($M=3.520$; $SD=1.312$). This different perspective is significant at the 1% level.

- Corporate governance

Both professional groups largely agree with the statement that “*Corporate governance is not very active in the detection of errors and frauds*”.

The percentage of individuals that agree with this statement is, however, different in both groups. For the teachers, the figure is 89.9% ($M=4.030$; $SD=0.931$) for those that agree with this statement, whereas the corresponding percentage for the technical professionals is 80.4% ($M=3.670$; $SD=1.022$). The responses of both groups reveal, therefore, statistically significant differences at the 1% level.

The results can be seen in Table 10.

Table 10. Summary of statistics—corporate governance

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.3.1. Corporate governance not very active in the detection of errors and frauds	89.9 10.1	4.030 0.931	80.9 19.1	3.670 1.022	-3.793 0.000***

See notes for Table 8.

- The performance of the professional institutions and associations

The perspective that the professional groups under study have on the questions related to the performance of the professional institutions and associations can be seen in the Table 11.

Table 11. Summary of statistics—performance of professional institutions and associations

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.4.1. Inadequate control of the quality of the work of the auditors	60.4 38.9	3.240 1.214	35.7 64.3	2.650 1.244	-4.868 0.000***
Q.4.2. Insufficient disciplinary power	42.7 55.4	2.890 1.273	26.7 73.3	2.500 1.085	-3.266 0.001***
Q.4.3. Permissive behaviour in relation to colleagues	61.7 38.3	3.230 1.170	31.6 68.4	2.660 1.130	-5.037 0.000***

See notes for Table 8.

Different perceptions on the question related to “*Inadequate control of the quality of work of the auditors*” are manifested by the two professional groups being studied. Hence, 60.4% ($M=3.240$; $SD=1.214$) of the teachers

agree with this statement, whereas the figure for technical professionals is only 35.7% ($M=2.650$; $SD=1.244$). These different results show high statistical significance (at the 1% level).

“*Insufficient disciplinary power*” of the professional institutions and associations is another of the questions that highlights discrepancies between the two groups. For 42.7% of the teachers ($M=2.890$; $SD=1.273$), the professional institutions and associations reveal insufficient disciplinary power, although just 26.7% of the technical professionals agree with this statement ($M=2.500$; $SD=1.085$). This different perspective on the question reveals statistical significance at the 1% level. The different perceptions concerning the performance of professional institutions and associations are manifested in relation to the question “*Permissive behaviour in relation to colleagues*”. Here also, the majority of teachers, (61.7%) agree with this statement ($M=3.230$; $SD=1.170$), whereas for the technical professionals, the percentage in agreement is only 31.6% ($M=2.660$; $SD=1.130$). These differences are statistically significant at the 1% level.

- Limitations of accounting

The lack of ethics of the accountants is a motive for disagreement between the two professional groups whose perspectives this study addresses.

For the majority of teachers (54.1%) the accountants show a lack of ethics ($M=3.04$; $SD=1.169$), whereas only 37.9% of the technical professionals agree with this statement ($M=2.69$; $SD=1.186$). This different perspective on the question reveals statistical relevance at the 1% level.

In relation to creative accounting practices, the opinions of the two groups appear coherent. For 74.2% of the teachers, there is evidence of these practices ($M=3.46$; $SD=1.083$), with 66.3% being the percentage of technical professionals that agrees with this statement ($M=3.33$; $SD=1.154$).

The results referred to above can be seen in Table 12.

Table 12. Summary of statistics—limitations of accounting

	Teachers		Technical professionals		<i>t</i> (<i>p</i> -value)
	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	<i>Agree</i> (<i>Disagree</i>) %	<i>Mean</i> (<i>S.D.</i>)	
Q.5.1.Lack of ethics of the accountants	54.1	3.04	37.9	2.69	-3.004
Q.5.2.Creative accounting practices	45.9	1.169	62.1	1.186	0.003***
	74.2	3.46	66.3	3.33	-1.148
	25.8	1.083	33.7	1.154	0.252

See notes for Table 8.

- Comparison between professional groups

The group of technical professionals divided into three subgroups - ROC's, ATC's and AI's - will now be considered. The existence, or not, of statistically significant differences of perceptions, on the part of the subgroups, on the questions under discussion were verified. The descriptive statistics relating to each of the groups under discussion can be seen in Table 13.

Table 13. Descriptive statistics for subgroups of respondents

	Teachers <i>n</i> = 159		ROC's <i>n</i> = 212		ATC's <i>n</i> = 25		Internal auditors <i>n</i> = 51		Kruskal-Wallis statistic	
	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	<i>Mean</i>	(<i>S.D.</i>)	χ^2	<i>p</i> -value
Behaviour of auditors										
Question 1.1	2.18	1.287	2.48	1.103	1.68	0.690	1.98	0.707	22.482	0.000***
Behaviour of managers										
Question 2.1	3.09	1.144	3.10	1.190	3.08	1.470	2.80	1.281	2.795	0.424
Question 2.2	3.12	1.171	2.96	1.137	2.92	1.320	2.47	1.172	11.543	0.009***
Question 2.3	3.91	0.983	3.70	1.209	2.60	1.414	3.22	1.447	22.763	0.000***

Corporate governance										
Question	4.03	0.931	3.62	1.035	3.60	1.291	3.90	0.781	22.297	0.000***
3.1										
The performance of professional institutions and associations										
Question	3.24	1.214	2.43	1.119	3.28	1.400	3.22	1.390	42.691	0.000***
4.1										
Question	2.89	1.273	2.44	1.003	2.56	1.261	2.69	1.304	10.458	0.015**
4.2										
Question	3.23	1.170	2.61	1.080	2.80	1.225	2.80	1.281	23.686	0.000***
4.3										
Limitations of accounting										
Question	3.04	1.169	2.79	1.190	2.44	1.356	2.37	1.019	14.804	0.002***
5.1										
Question	3.46	1.083	3.44	1.058	3.64	1.319	2.73	1.266	19.725	0.000***
5.2										

Notes. ¹The mean of the groups was determined by using a Likert scale from 1 to 5 points, with 1 corresponding to "Totally disagree" and 5 corresponding to "Totally agree".

²*p < 0.10; **p < 0.05; ***p < 0.01.

Kruskal-Wallis non-parametric tests were developed, the results of which are also presented in Table 13.

The results obtained demonstrate that, on the part of the groups considered, there are statistically significant differences in relation to the responses given to all of the questions except 2.1. This question refers to the behaviour of managers and to their little concern for the interest of shareholders, thereby verifying that all the groups express some agreement.

On the other hand, with reference to auditor behaviour, quite a variety of perspectives in relation to 1.1 can be observed. Whereas the ROC's agree in a significant way with the statement that the auditors' performance reveals unethical behaviour ($M=2.18$; $SD=1.287$) virtually all of the ATC's disagree with this statement ($M=1.68$; $SD=0.690$). These differences are statistically significant at the 1% level.

With reference to the managers and their unethical behaviour, the opinions are also diverse. Virtually all of the teachers agree with this statement ($M=3.12$; $SD=1.171$) whereas the internal auditors express some disagreement ($M=2.47$; $SD=1.172$), a result which is statistically significant at the 5% level.

The differences are also notable in relation to the statement "Individual objectives outweigh collective ones". Further, the teachers are the group that express the highest level of agreement ($M=3.91$; $SD=0.983$) and the ATC's those that least agree with the statement ($M=2.60$; $SD=1.414$). The result is significant at the 1% level.

The differences also exist in relation to corporate governance. Again the teachers are the group that expresses the highest level of agreement with the statement that "Corporate governance is not very active in the detection of errors and frauds" ($M=4.03$; $SD=0.931$), whereas the ATC's are those that least agree with the statement ($M=3.60$; $SD=1.261$). These differences are statistically significant at the 1% level.

As for the performance of the professional institutions and associations, there are differences in relation to all statements. Concerning the question about the inadequate control of the quality of work of the auditors, the ATC's express the highest level of agreement ($M=3.28$; $SD=1.400$), with the ROC's expressing the lowest level of agreement ($M=2.43$; $SD=1.119$). The result is significant at the 1% level.

The highest level of agreement with the statement that there is insufficient disciplinary power on the part of the professional institutions and associations is expressed by the teachers ($M=2.89$; $SD=1.273$). The ROC's have a different perspective ($M=2.44$; $SD=1.003$). These differences are statistically significant at the 5% level.

The permissive behaviour of the professional institutions and associations in relation to colleagues is one of the reasons for different opinions expressed by the groups. The teachers express the highest level of agreement with this statement ($M=3.23$; $SD=1.170$), with the ROC's being the group that least agrees ($M=2.61$; $SD=1.080$). The differences to these questions are statistically significant at the 1% level.

As for the limitations of accounting and the questions that are related to these, the opinions of the groups are also diverse.

Once again, the teachers show the greatest level of agreement with the statement that there is a lack of ethics on the part of the accountants ($M=3.04$; $SD=1.169$), with the internal auditors those that least agree with it ($M=2.37$; $SD=1.019$). The differences are statistically significant at the 1% level.

Finally, in relation to creative accounting practices carried out by accountants, the teachers remain the group which expresses the highest level of agreement with this statement ($M=3.46;SD=1.083$), with the internal auditors those that least agree with it ($M=2.73; SD=1.266$). The result is statistically significant at the 1% level.

3.5 Summary

Hypothesis 1 (H₁): There is a significant association between the responses to the questions that relate to the behaviour of managers when considering the professional groups of the study (AI's, ATC's, Roc's and teachers) on the one hand, and, on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

By analysing the results, it can be concluded that there is an association between the responses to the questions that relate to "*Little concern for the interest of shareholders*" and the managers "Unethical behaviour" when all the professional groups are analysed separately, which does not happen when the analysis is carried out with all the professional groups as a whole.

In relation to the responses given by the Roc's, associations between question 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*) can be verified.

Hence, this hypothesis can be confirmed with respect to questions 2.1 and 2.2 for the AI's, ATC's, Roc's and teachers, but not for the technical professionals. This is also confirmed for the Roc's concerning questions 2.2 and 2.3.

Hypothesis 2 (H₂): The existence of relevant associations can be observed between the responses to the questions that refer to the performance of the professional institutions and associations when considering, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

This hypothesis can be confirmed with respect to questions "*Insufficient disciplinary power*" and "*Permissive behaviour in relation to colleagues*", when the responses of the AI's are analysed.

For the ATC's, the hypothesis can be verified in relation to the associations between the questions "*Inadequate control of the quality of work of the auditors*" and "*Permissive behaviour in relation to colleagues*".

For the Roc's, the hypothesis can be verified in relation to the associations between the questions "*Inadequate control of the quality of work of the auditors*" and "*Insufficient disciplinary power*".

For the teachers and the technical professionals as a whole, this hypothesis is not confirmed.

Hypothesis 3 (H₃): The responses to the questions in relation to the limitations of accounting present in the study, are related, taking into consideration, on the one hand, the professional groups separately (AI's, ATC's, Roc's and teachers), and on the other, the technical professionals as a whole (Roc's, ATC's and AI's).

Analysing the AI's responses, this hypothesis is not verified, as is the case when the responses of the technical professionals as a whole are analysed.

For the ATC's, Roc's and teachers, an association can be verified between the responses to the questions "*Lack of ethics on the part of the accountants*" and "*Creative accounting practices*", so the hypothesis can be verified in relation to these questions.

Hypothesis 4 (H₄): The perceptions of auditor behaviour differ substantially between the teachers and the technical professionals (Roc's, ATC's and AI's).

This hypothesis is not confirmed. The perceptions of auditor behaviour are similar for both groups.

Hypothesis 5 (H₅): The perceptions of the behaviour of managers differ significantly between the teachers and the technical professionals (Roc's, ATC's and AI's).

This hypothesis can be confirmed with respect to questions 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*), but is not confirmed in relation to question 2.1 (*Little concern for the interest of shareholders*), and in relation to which both groups have similar perceptions.

Hypothesis 6 (H₆): The behaviour in relation to corporate governance reveals substantial differences as perceived by the teachers and technical professionals (Roc's, ATC's and AI's).

The hypothesis is confirmed.

Hypothesis 7 (H₇): There are significant differences in the way the technical professionals (Roc's, ATC's and AI's) perceive the performance of the professional institutions and associations as opposed to the way the teachers do.

This hypothesis is confirmed in relation to the three questions concerning the performance of the professional institutions and associations.

Hypothesis 8 (H₈): The limitations of accounting are perceived differently by the teachers and the technical professionals (Roc's, ATC's and AI's).

The hypothesis is confirmed in relation to question 5.1 (*Lack of ethics on the part of accountants*), but not in relation to question 5.2 (*Creative accounting practices*), in relation to which, both groups express similar perceptions.

Hypothesis 9 (H₉): There are significant differences in the way that each professional group (Roc's, ATC's, AI's and teachers) view the behaviour of auditors.

The hypothesis is confirmed.

Hypothesis 10 (H₁₀): The perception in relation to management behaviour is significantly different between professional groups (Roc's, ATC's, AI's and teachers).

The hypothesis is confirmed in relation to questions 2.2 (*Unethical behaviour*) and 2.3 (*Individual objectives outweigh collective ones*) but not in relation to question 2.1 (*Little concern for the interest of shareholders*), in relation to which, the groups express similar perceptions.

Hypothesis 11 (H₁₁): Significant differences are verified in the way each professional group (Roc's, ATC's, AI's and teachers) perceives corporate governance.

The hypothesis is confirmed.

Hypothesis 12 (H₁₂): There are visible differences in the way each professional group (Roc's, ATC's, AI's and teachers) perceives the performance of the professional institutions and associations.

This hypothesis is confirmed in relation to all questions.

Hypothesis 13 (H₁₃): the perceptions in relation to the limitations of accounting differ substantially between the professional groups (Roc's, ATC's, AI's and teachers).

This hypothesis is confirmed in relation to both questions that are analysed.

4. Discussion

In the first three hypotheses under study, significant associations were sought between the responses to the questions in relation to the behaviour of managers, to the performance of the professional institutions and associations, as well as to the limitations of accounting. Taking into account the professional groups and the technical professionals as a whole, one can find specificities of the groups questioned which are not relevant when the auditing professionals as a whole are considered. In individual terms, the internal auditors, the court auditors, the statutory auditors and the teachers, denounce the unethical behaviour of Portuguese managers, and believe that the lack of ethics of these agents translates into the little concern for the interest of shareholders. With respect to the regulatory organisations, professional institutions and associations, the professional groups as a whole correlate the insufficient disciplinary power, permissive behaviour in relation to colleagues, as well as the inadequate control of the quality of work of the auditors. As for the limitations of accounting and behaviour of accountants, in general, the lack of ethics on the part of the accountants is associated to creative accounting practices. However, when the results obtained through Spearman's coefficient correlation are analysed for the technical professionals, they do not evidence statistically significant correlations, which allows us to correct possible bias in the results and the conclusions from considering professional groups separately. Which means that, in general terms, as the technical professionals are part of monopolistic, regulated or self-regulated professions, they have a tendency to preserve their own interests, a line of thought which is in agreement with the conclusions of Canning (2002), and, therefore, it would not be logical—in sociological terms—if the profession did not demonstrate a line of common thinking. This is also evident when a more disaggregated analysis is carried out in relation to the participants that disagree or agree with each of the statements of the questionnaire. Hence, concerning the unethical behaviour of the authors (Q11), the statistical instruments used suggest that both the auditors and the technical professionals consider their ethical behaviour to be exemplary, which is in agreement with the research undertaken on the ethical competence of auditors (Ponemon & Gabhart, 1994). This conduct necessarily results in compliance with principles and an ethical rule issued by professional and regulatory organisations and is considered to be acceptable by the teachers and the technical professionals.

This conclusion, in sociological terms, demonstrates that professional classes tend to be quite conservative in relation to preserving the privileges of their class. With respect to the behaviour of the managers, the teachers

and the technical professionals differ in their responses. Hence, from a perspective of agency theory, the majority of teachers agree that the concerns of the managers reveal behaviour - in ethical terms - that is inadequate. In reality, the little concern shown for the interest of shareholders and the fact that their individual objectives outweigh collective interests determines a management approach that centres exclusively on personal interests. However, this is not an opinion which is shared by the technical professionals who audit accounts in Portugal, who recognise - in significantly high numbers (43.1%) - that the performance of managers is ethical. The different perspective of this group of respondents is partly in accordance with the psychological perspective of ethics (Kolthberg, 1981), which suggests that people in top managerial positions of companies have not demonstrated high ethical or moral standards, which, unfortunately, has been confirmed by the financial scandals of the last decade, and which calls into question the regulatory structures of corporate governance, which are seen to neither control nor monitor the behaviour of individuals included in the agency relationship. The teachers are closer to reality. In fact, this unethical behaviour naturally includes results and its control, and has a number of questionable underlying judgements in relation to the issue of manipulation, change of accounting policies, distorted or badly carried out disclosures, management intentions, etc. Therefore, the evaluation of management bonuses and the achievement of objectives, whether measured in objective terms—accounting—or in subjective ones—judgements—is underpinned by a number of ethical judgements. On disagreeing with the unethical behaviour of managers, the technical professionals responded in self-defence: as the auditors, generally speaking, are responsible for the validation of the financial statements and for the economy, the efficiency and effectiveness of an organisation, they reacted in an institutional and defensive manner to safeguard their own interests given their share of responsibility in the evaluation of the performance of the managers (Merchant & Van Der Stede, 2005; Low, Davey, & Hooper, 2008). Presently, the auditors generally report to the audit committee or to the supervisory and auditing board and, in the wake of SOX (2002) and PCAOB (2006), perform an important role in the organisation of corporate governance, above all in the evaluation of the internal control system. However, in the questionnaire, they favoured loyalty towards the board of directors: the issue of the independence of internal auditing is, therefore, questioned (Lemon & Wallace, 2000).

In relation to corporate governance the professional groups agree with the statement that “Corporate governance is not very active in the detection of errors and frauds”. This control mechanism is indicated by all professional groups as one that neither controls nor monitors the behaviour of individuals framed in a relationship of agency. This highly negative aspect of Portuguese corporate governance is in line with the research of Low, Davey and Hooper (2008), which highlights that ethical behaviour is fundamental in organisations, and that a good system of corporate governance and ethically sustainable business practices are the basic foundations of continuity in organisations. It also dovetails with the analyses of Adler (2002), Young (2003), Allen (2005), and Boatright (1999), who demonstrate that executives undergo training underpinned by a culture of money, and in order to be successful in the world, in its present state, do not, therefore, value a culture of ethics in business practices.

The performance of the professional institutions and associations and regulatory bodies, in relation to the questions asked (Q4.1 and Q4.3), is perceived differently by the groups being studied. The Portuguese teachers are in complete disagreement with the group of professionals, that is to say that the latter group considers that the existing enforcement mechanisms—CNSA—in Portugal contribute to the maintenance of high ethical standards in the auditing profession. This perception is in line with the research of Robertson, Lamin and Livanis (2000), and demonstrates that the existence of enforcement mechanisms and appropriate verification and monitoring contributes, on the part of auditors, generally speaking, to a concern with complying with rules, norms and conduct. As a result, the auditors differ in this aspect from the teachers, insofar as, according to the former group, in Portugal there are means and instruments of control and the promotion of ethical attitudes and practices.

Finally, the limitations of accounting itself will be considered, which are related, among other things, to the ethical behaviour of accountants and to creative practices of accounting. It is known that the preparers of financial information perform an important role in its preparation, presentation and disclosure. This system of measuring and disclosing has been based on the so-called rules-based accounting systems (Pincus, 2000). In fact, accounting is characterised as being a profession of rules, especially when it reports information to third parties. As a result, according to Low, Davey and Hooper (2008), accountants carry out an important role in the scheme of corporate governance of a society and in maintaining sustainable ethical practices.

However, given the behaviour of financial managers and accountants, the integrity of the profession and the credibility of the financial statements have been increasingly questioned. Consequently, rules-based accounting is not considered an optimal structure when rules do not exist to frame a non-regulated problem, or, in fact, even when a problem is regulated. The rules of accounting aim to facilitate the achievement of objectives, and have, therefore, a prescriptive character, that is to say they are used as a guide, a means of control or an instrument of

behaviour change for decision-making agents. Accounting standards are not an end in themselves: they do facilitate, nonetheless, the goal of achieving an authentic and appropriate representation. However, they do not apply to appropriate behaviour in the preparation of financial reports. Very often, to achieve a given objective it is necessary not to observe the rule, and, in contrast, full compliance with the accounting standards of the SNC (Note 1) is not sufficient for the auditor to express an unqualified opinion. On the other hand, the absence of rules, does not imply that any type of behaviour is acceptable. Hence, rules can be seen as a positive ethical force (McClennen, 1997; Daniels & Sabin, 1998), and have as such, many positive aspects: ensuring the consistency of financial information, aiding decision-making and constituting a minimum level of quality. Framing the answers of the professionals in this perspective of accounting, one can easily detect an undeniable contradiction regarding the limitations of accounting. All these professionals express notable solidarity with their colleagues, which is in line with the characteristics of professional monopolies governed by their own regulatory structures (Dedoulis, 2006): the Portuguese situation corresponds to these types of results.

Nonetheless, the Portuguese auditors and teachers do not relate the practices of creative accounting to the accountants' lack of ethics, which is somewhat difficult to accept. In fact, Clarke, Dean and Olivier (2003) suggest that the accounting profession has not violated the appropriate and authentic representation of the position of the company occasionally or in a trivial manner, but systematically and universally over periods of years right up until the present. The situation is contradictory because it can only be achieved in the absence of rules and in a self-interested interpretation embodied in unethical behaviour, and in which the culture of money, capitalist society and legal culture are over-valued.

5. Conclusions

The different professional bodies, with the exception of the internal auditors, consider that the behaviour of Portuguese managers does not display indications of high levels of ethical behaviour, although in relation to their own participation in the process of accountability they consider their ethical behaviour to be exemplary. They admit, however, that the structure of Portuguese corporate governance neither controls nor monitors the behaviour of agents that exercise their activity in the production and disclosure of financial information. However, the enforcement mechanisms are highly valued by the professional groups, with the exception of the teachers, which demonstrate that the enforcement mechanisms in Portugal have an important effect in raising professional standards of behaviour. On the other hand, creative accounting practices are not equated with unethical behaviour, which reflects a lack of awareness of the different aspects of ethics.

6. Limitations of Study

The insufficient conceptualisation of ethical standards – which should serve as a guide for professionals – precludes balance and coherence in the replies of the respondents, as does the lack of training in ethics. The questions posed might not be the most appropriate to approach the complex area of ethics. The weak uptake on the questionnaire on the part of the internal auditors, although balanced out by the good uptake on the part of the other professional groups, could result in bias. The statistical analysis verifies this to some extent in relation to the conclusions.

7. Suggestions for Future Research

The inclusion in future projects of investigation of other beneficiaries of auditing—companies and financial analysts—and the comparison of conclusions with the professional bodies, would almost certainly enhance research. The introduction of different lines of thinking on ethics into research, and the comparison of professionals and other beneficiaries of accounting and auditing, would also contribute to a further exploration of the theme. The analysis of gender could also enrich research in this area.

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Note

Note 1. Accounting Normalisation System.

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