

Ethical Attitudes of Accountants in Brazil: Recent Evidence from a Students' and Accounting Professionals' Survey

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Abstract

Major scandals at companies such as Enron, WorldCom, Health South, Tyco and others shook the business world. Unfortunately, these scandals involved members of the accounting profession. As a result, questions arose about the ethical attitudes of accountants and the role of ethics within the accounting profession. A consequence of these ethics failures include the enactment of the *Sarbanes-Oxley Act* (2002) which requires a Code of Ethics for senior executives be enacted by U. S. publicly traded companies and shows an increasing concern for ethical behavior.

In 2006, a study by Emerson, Conroy, and Stanley measured the ethical attitudes of American CPAs using a survey that presented different ethical scenarios. American CPAs were asked to determine how ethical a situation was. This study seeks to replicate the Emerson, et al study as a basis for assessing the ethical attitudes of Brazilian accounting students and Brazilian professionals. In the current study, we used the 25 scenarios that were used in the Emerson study. We wanted to determine the ethical attitudes of Brazilian accountants and students and their perceptions when confronted with various ethical situations. As a result, we were able to obtain a representative sample of 785 usable and valid questionnaires which consisted of 307 accounting professionals and 478 accounting students from two universities within this area of Brazil.

Since this study is a replication of the Emerson study, we have classified the vignettes in a similar matter as to legality of the situation and the impact of the behavior. In addition, we have compared some of the results of our study to the results of the study involving US accountants.

Our results showed that while there were some differences in attitudes between students and professionals, there were a lot of similarities. These results were consistent with the results of the Emerson study that also find few differences within the United States. However, there are number of significant differences between the U. S. and Brazil due to differences in culture. For example, Brazil is a very paternalistic society and historically, has not put much emphasis on the importance of ethical behavior in business. In addition, given that there are significant cultural differences between Brazil and the United States, we found that there are also a number of similarities. These similarities provide a first step to develop global ethics rules.

As the accounting profession becomes a more global profession and as the movement to International Financial Reporting Standards increases, understanding the similarities and differences about ethical attitudes of accountants from different countries and cultures becomes more important. In fact, as businesses and accounting becomes more global, strong ethical attitudes and perceptions by accountants throughout the world become critical to the profession. This study takes a first step to understanding the ethical attitudes of accountants from different countries and the impact that ethical attitudes can have on accounting.

Keywords: Accountants, Sarbanes-Oxley, SOX, Code of Ethics, Accounting Professionals, IFRS, Corporate Governance

I. Introduction

As technology advances, business becomes a more global process. Many professions that were often centered in a particular region or area of the world have become more global. The accounting professional has not escaped this globalization process. This globalization process facilitates relations between countries, making them more dynamic and less bureaucratic. As a result, this process increases competition, yet also generates a debate about moral principles and ethical business practices. Thus, the competition that has been increasingly fierce drives decision-making and in turn the decision makers do not always comply with ethical principles in making their decisions. As business becomes more global, questions arise about business practices since different parts of the world have different ideas as to what constitutes ethical behavior. The accounting profession throughout the world is moving toward adoption of the International Financial Reporting Standards (IFRS). Therefore, it is important to understand the ethical attitudes of accountants in other countries toward proper ethical behavior.

The United States has a long history of business and accounting scandals. The scandals already cited in previous work, such as the cases of Enron, WorldCom, Quest, (Emerson *et al*, 2006; Alves *et al*, 2007, Howard *et al*, 2006, Abdolmohammadi *et al*, 2003), have highlighted the role of ethics within the profession of accounting. The lack of ethical behavior and corporate governance failures have apparently been crucial in the processes that culminate in arrests, bankruptcies and prosecutions among other processes.

These scandals, along with the concern of the ethical principles and the failure to follow such principles, among other measures, contributed to the creation and implementation of the *Sarbanes-Oxley Act* (SOX) (2002). One aspect of SOX requires that senior executives of publicly traded companies are expected to establish and adhere to a Code of Corporate Conduct and ethics policies. While many countries outside the United States do not have a mandatory adherence to a code of ethics, such requirements required by SOX still affect other countries. If a company based in another country wants to have its stock traded on the US exchanges they must adhere to US requirements. This is true for Brazilian companies where it is not mandatory to follow established codes of conduct. However, such companies must comply with these mandates if they want their shares traded in the US exchanges.

In the Brazilian law, as noted, there is no limiting factor with respect to compliance with codes of ethics. Every profession is governed by its own code which regulates the exercise of business practices. As a result, each profession can impose and inhibit certain practices. Related to the exercise of the accounting profession, the Accountants Professional Ethics Code (CEPC) serves as a guide, as stated by Lisboa (1996, p. 61), "[...] meet society's rules, serve with loyalty and diligence". But despite these guides, ethical behavior often cannot be guaranteed. There are too many situations that involve parameters which are intrinsic to each human being.

Therefore, it is imperative that ethics and its nuances be addressed. This action should be done through both cultural and inherent attitudes in each individual, rather than the organizations that try to guide the behavior and training. Since it is important to understand the ethical attitudes of individuals, specifically those within the accounting profession, we have the primary issue for this empirical study which is as follows: Through evidences of Brazilian students and professionals, what are these accountants' perception's of ethics? Specifically, what are Brazilian accounting professionals' and students' perception of ethics? How do these perceptions compare to US accountants?

The main objective of this study is based on the Accountants Professional Ethics Code and in contrast with what is taught to accounting students and practiced in organizations. Through this empirical study, these two groups of Brazilian accounting students and accounting professionals are faced with certain ethical situations and the respondents are asked to assess the ethics of each of these situations, thereby giving us a measure of their ethical attitudes and perceptions. The scenarios include situations that are legal (but ethically questionable) and illegal as well as those that cause financial and physical damage.

The specific objectives of this study are to check the perception of ethics for Brazilian accounting professionals and students of accounting. Also through the demographic information obtained through the responses of the questionnaire, we are able to compare the results according to gender and age.

This study contributes to the literature of accounting ethics in that it shows the importance of understanding ethical behavior and attitudes as we move toward a global economy. Getting more consensus as to what should constitute ethics for accountants throughout the world will be critical for the future.

The structure of this paper will be divided as follows: (1) presentation of the problem and literature review; (2) the research question and justification of the study; (3) the theoretical constructs inherent in ethics; (4) research methodology; and (5) analysis and conclusions. We will also discuss the limitations of the study.

II. Literature Review

II.1 General Concepts of ethics

Ethics can be considered a philosophy and, according to Lisboa (1996, p.23), "[...] the term ethics as a branch of philosophy that deals with what is morally good or bad, right or wrong". Also according to Lisboa, ethics can have a personal relation to the general principles of conduct and professional ethics are the rules and guidelines that govern a group of professionals. This philosophy is characterized by Matos (2008) as the foundation of society, which does not have the possibility of life without observing the ethical principles that include justice, freedom and solidarity.

Formed by a set of basic principles, Lisboa (1996, pg. 23) identifies ethics itself "[...] as an only expression of correct thinking [...]". Lisboa means that certain forms of action are expected in the situations. According to Lisboa there are five sources of ethical rules, specified in Figure 1, as follow:

Ethics Origin	Sources
Human Nature	Correct character of man
Standards of diverse character	Attached to the involved agents, i.e., ethics on business, in the professions
Consequences of the searching reflecting the principles of human behavior	Each meaning of ethical behavior becomes the object of society reflection
Country laws	Intrinsic law behaviors of each country
Behaviors	Developed in parte irrational and that are accessible to the appeals of reason.

Source: adopted from Lisboa (1996)

Therefore, human nature, which is considered by Lisboa the first source of the concept of ethics, is that which emanates from character and integrates individual rights. The second

source is that which comes from the environment in which individuals belong, or are the standards followed by a particular group, for example, the Accountants Professional Ethics Code. The third source relates to the consideration of certain human behaviors, followed by the fourth which relates to those practices dependent on the culture of the country. Finally particular customs of a country are often characterized as an irrational part of human behavior.

The personal character of ethics is what each individual believes and accepts as correct behavior. This acceptance of behavior is affected by many variables, ranging from environment, individual superstitions and customs that permeate life. Often, such perceptions of ethical behavior go beyond the pressures that are exerted by the environment. For example what seems appropriate ethical behavior for a person faced with an ethical dilemma may not seem to be appropriate behavior from the perspective of another person.

Also included in this concept, with regard to the environment and the intrinsic characteristics of each individual, studies find that there are often significant differences between the attitudes of those who are learning the concepts of ethics in theory, i.e., accounting students, and those who already are working in the labor market and removed from the theories of the classroom. Studies in this area have shown that certain individual characteristics serve as a good predictor of ethical attitudes. Therefore, it is informative to measure the differences between the ethical attitudes of professionals and students. As stated by Emerson, et al, (2007, pg. 75) [...]. "The literature of business ethics have shown that gender, age, and, to a lesser degree, race play key roles in predicting an individuals' ethical attitudes." (Emerson *et al*, 2007, p.75)

II.2 Ethics in business management

With respect to the practice of ethics within corporations, there are certain practices that can be observed by a professional code as pointed out by Lisboa (1996, p.59) that "[...] can be understood as a relationship practice of behavior that are expected to be observed in the exercise of the profession".

In addition to these corporate codes of conduct that are intrinsic and targeted specifically to each business, there are practices that are inherent in organizations, or are norms to be followed within that segment of business. Specifically these practices should preferably be complementary to those already established for each type of training. As stated by D'Aquila (2001, p.1), "organizations have tried to create ethical environments implementing several initiatives, including codes of conduct, training programs on ethics [...]."

Specifically with regard to codes of ethics of companies and how they are run by managers who are the main disseminators have led to several studies. D'Aquila (2001) mentions that these studies look at the fact that there is a conflict between personal ethics and objectives of the company. Often these managers will act in their own self-interest in order to achieve certain goals and will press officials to act in unethical way.

II.2.1 Code of ethics

Professional ethics can be defined, according to Alves *et al* (2007), as a set of requirements of conduct that provide standards for behavior of its members. Thus, standards can serve as a basis for self-regulation within the profession. As such, professional ethical standards provide the basis for administrative laws, and may in case of breach of these standards, provide the basis for administrative penalties among others. For example, the Texas State Board of Public Accountancy serves as a regulator of licensed CPAs within Texas. When a licensee violates

the Code of Professional Conduct, the Texas State Board can administer a number of penalties ranging from probation to revocation of the license. Therefore, these standards represent elements that characterize the behavior of individuals within a social group. (Borges and Medeiros, 2007).

The code of professional ethics is used as a guide that describes the ethical principles known and accepted by society (Lisboa, 1996) and this also defines certain principles to be followed by accountants. These principles include a responsibility towards society, duties to the profession, loyalty to the client, and loyalty to your employer as part of preserving the professional image. These codes have a collective character, i.e. "[...] the standards of conduct established therein are, to some extent, discussed with members of the profession, creating rules that must be respected by all." (Alves *et al*, 2007, p.59).

II.2.2 Code of business ethics

The code of business ethics can be better delineated. According to Weaver (1993) *apud* Tomei (2005), the code is often defined as a separate formal document, which has ethical obligations to conduct organizational conscience, but only if such codes are formulated with the sole purpose of being guided by moral standards for ethical conduct.

With regard to how the professionals who govern the agencies are concerned about ethical behavior, as Nash defined (1993) *apud* Moreira (2002), there are two types of concern for executives in regard to ethics. The first concern deals with the effect of adoption of high moral standards on the financial results of the corporation. The second concern is related to fear that the adoption of ethical standards by non-employees will constitute a financial liability in response to public standards as evidenced recently with corporate social responsibility and sustainability.

These codes of business ethics have been very important in the United States, a country that has a history of strong concerns about these issues within organizations. Specifically, the US has been concerned with how ethical behaviors vary with the activity, nationality and even the purpose of the entity. According to Lisboa (1996) such concerns can dictate a new standard of conduct in the life of the employees of a particular entity. Lisboa also states that emphasis on codes restrain or require certain behaviors that range from working in groups, work versus personal life, and so on.

II.3 Corporate Governance

In conjunction with the concepts of corporate ethics and the specific training related to ethical behavior, another topic that is currently prominent is corporate governance. According to Leal (2002), corporate governance can be considered as a set of formal processes, practices, and supervision of the management executive in the role of safeguarding the interests of the company and shareholders in order to minimize conflicts of interest between them and the other stakeholders affected by the value of the company.

The lack of transparency of firms and not always correct their conduct with minority shareholders have been constantly engaged as sources for the malfunction of the stock market. Good projects will no longer be funded if the firm is not committed to protecting the interests of its investors. (Srouf, 2005, p.1).

In corporate governance, ethics has a complementary role, as it works to protect shareholders, both majority and minority, against the interests of administrators who might act in their own interest. There are a number of factors that affect this relationship. For example, as cited by

Leal (2002) there may be an act of nepotism, which occurs when an administrator hires a family member and pays him or her salary above the norm to be employed in the company the administrator managed. Moreover, projects of personal taste, resistance to relinquishing control, and other situations, complement this list.

II.4 Cultural aspects

Cultural traits are crucial in defining the ethical issues that dictate both the professional codes of ethics as well as defining the rules and behaviors that should be followed in a particular company. To Daft (2002) *apud* Souza *et al* (2004), culture is the set of values, guiding beliefs, knowledge and ways of thinking shared by members of an organization and sent to new members as appropriate behavior. Also according Souza *et al* (2004, p.92):

The organizational culture exists at two levels: the visible artifacts and observable behaviors. The way people dress and act and symbols, stories and ceremonies common to members of the organization. The visible elements of culture, however, reflect deeper values in the minds of members of the organization.

Matos (2008) states that there certain cultural traits that have dictated substantial revisions to preserve ethics and constitutional image For example, the Brazilian culture is paternalistic in business organizations, a claim that is highlighted by Machado (2005). Paternalism is an important aspect connected to "high power" and the gaps that exists between genders in Brazilian society. Paternalism adds of the concentration of power but reflects the corruption of power and privileges. In Figure 2, one can see some cultural traits and characteristics. as defined by Matos.

Board 2 – Cultural traits

Cultural Traces	Characteristics
Authoritarianism	Means the concentration of power, domination
Paternalism	Reflects the corruption of power, privileges
Individualism	Includes predatory competition, selfishness, lack of vision
Consumerism	Expression of possessiveness , social cannibalism

Source: Matos (2008)

Culture is a factor that should be taken into account with regard to what is ethical or not ethical. Each country has its own cultural framework that influences the direct and indirect ethical parameters of that nation. Certain situations may be accepted in certain countries and in others completely repudiated. For example, culture plays a definite role in how men and women are treated within business organizations. Historically, accounting has been considered a 'male dominated profession'. While women have made tremendous inroads in recent years, women are still not on a par with their male peers. These aspects must be considered in regard to what is implemented and respected within the organization, because with globalization, ethical attitudes beyond cultural barriers internal to each country can have an impact on business and accounting.

For Brazil and Brazilians, the concepts of ethical behavior in business have not been a major part of Brazilian society or business. Srour (1994), states that while the United States concern with business ethics has been increasingly growing, the majority of Brazilian entrepreneurs find ethics and law as confusing and not separate concepts. Therefore, ethics then becomes a mere synonym of respect for the law. In Brazil, behavior is often considered ethical by the fact of not being caught and arrested. To quote Srour, "Brazil, among many countries, is a privileged laboratory for the analysis of moral duplicity" (Srour, 1994, p.1).

III. Design of the Field Research

III.1 Research type

According to Cooper and Schindler (2003), this research can be classified as formal and descriptive as it aims to test planning or responding to a question of research and pointing details of a given situation. Moreover, this cross-sectional study was held at a certain time and has the results attributed solely to the respondents. Environment will also be on the field, where predefined populations will be investigated through questionnaires as well as displayed on web sites.

III.2 Definition of the population

The sample was composed of accounting students from two universities, one public and one private. This sample was chosen for convenience of the researchers and also for accounting professionals who answered the questionnaires in postgraduate classes from each university or through a *weblink* available at the Regional Accounting Council of Paraná (CRCPR) and others related councils.

The students used in the sample were graduate students from both universities, and listed as 'students' in the results. Accounting professionals were considered as postgraduate, considered professionals in the area of accounting and had obtained accounting degrees. These accounting professionals either completed the questionnaire in person or were completed through a *weblink* in the webpage of the Councils that could be answered online. The questionnaire that was completed by the respondents was adapted from the one used by Emerson *et al* (2006).

As noted, the questionnaire that was used is an adaptation of a research study measuring ethical attitudes of US accountants. This study has been published in the United States in the *Journal of Business Ethics*. Much of the study was done at Baylor University in Waco, Texas. This questionnaire consists of 25 vignettes focusing on issues that include accounting, marketing, and environmental ethics in addition to sex discrimination, equal opportunities, bribery and codes of conduct (Emerson *et al*, 2006).

Using the model of Emerson *et al* (2006), the respondents were asked to rank those 25 vignettes, using a 7 point *Likert*-type scale (ranging from never acceptable, "1," to always acceptable, "7"). Respondents also completed a section of the questionnaire that provided demographic information relating to age and gender.

IV. Results

The completed questionnaires provided 785 usable questionnaires with valid responses from accounting students and professionals.. The results obtained from these 785 valid questionnaires, distributed between accounting students and accounting professionals, can be seen in Table 1 below:

Table 1 – Descriptive statistics for combined and sub-samples

Independent variables	Total sample	% Total	Professionals	% Profissionals	Students	% Estudents
Number (percentage) of professionals	307	39%	307	100%	0	0%
Number (percentage) of students	478	61%	0	0%	478	100%
Number (percentage) of men	391	50%	168	55%	223	47%
Number (percentage) of women	318	41%	91	30%	227	47%
Failed to indicated their gender*	76	10%	48	16%	28	6%
Number (percentage) <=20 years of age	103	13%	0	0%	103	22%
Number (percentage) 20-30 years of age	382	49%	114	37%	268	56%
Number (percentage) 31-40 years of age	151	19%	88	29%	63	13%
Number (percentage) 41-50 years of age	73	9%	64	21%	9	2%
Number (percentage) 51-60 years of age	30	4%	26	8%	4	1%
Number (percentage) >60 years of age	10	1%	10	3%	0	0%
Failed to indicated their age**	36	5%	5	2%	31	6%
Total number of subjects	785	100%	307	100%	478	100%

*Of the total 76 subjects who failed to indicate their gender, 28 were students and 48 were professionals.

**Of the total 36 subjects who failed to indicate their age, 31 were students and 5 were professionals.

As can be seen from the survey completed by the students and professionals, 307 of the 785 questionnaires correspond to accounting professionals, or 39% of the sample with 478 valid questionnaires related to the responses of students, which represents 61% of total respondents.

Specifically with regard to responses for professionals, (considering those who reported gender in the survey), 55% were men (168) and 30% (91) were women. Of the professional individuals who indicated their age, 37% (114) were in the range of 21 to 30 years, indicating a significant percentage of young people. Other age groups were as follows: 29% (88) in the range of 31 to 40 years old; 21% (64) fit the range of 41 to 50 year; and, 8% (26) respondents are between 51 and 60 years with 3% (10) respondents indicating an age more than 60 year, Only 5 of the respondents did not indicate their age.

Of the 478 questionnaires from students that indicated gender, approximately 47% were men (223) and 47% (227) were women. The remaining 6% made no indication about gender. Among the respondents who indicated their age, 22% (103) were 17 to 20 years of age. However, there was a significant number, 56% (268), of them are in the range of 20 to 30 years. Finally, 13% (63) were between 31 and 40 years of age, 2% (9) between 41 and 50 years and 1% (4) between 51 and 60 years.

The vignettes of the questionnaire were originally categorized in Emerson *et al* study as follows:, (1) the legality of the vignettes, i.e. those situations that even though ethically questionable were within the law; (2) the illegal vignettes in which those actions violate the laws, and (3) one item that may be considered ambiguous (Vignette "O"). In addition, the vignettes were classified into physical and financial damage (if a result of the action). A summary of the responses are available by category (legal, illegal, financial or physical harm) and by group (students and professionals) can be seen in table 2.

Table 2- Summary Statistics of responses to vignettes, including category, by sample

Vignette	Brief Description	Categories		Student Sample			Professionals Sample		
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N
A	Pad expense account	ILLEGAL	FINANCIAL	2,170	1,447	477	2,091	1,580	307
B	Exceed legal lim. Pollution	ILLEGAL	PHYSICAL	1,567	1,128	476	1,557	1,202	307
C	Recommend bad stok	LEGAL	FINANCIAL	1,896	1,263	472	1,686	1,223	306
D	Underreport income for tax	ILLEGAL	FINANCIAL	2,247	1,444	474	2,093	1,638	302
E	Bribe to foreign official	ILLEGAL	FINANCIAL	2,979	1,881	475	2,565	1,815	306
F	Hire employee to get secret	LEGAL	FINANCIAL	3,290	1,852	476	2,951	1,917	306
G	Collusion to reduce comp.	ILLEGAL	FINANCIAL	2,591	1,667	472	2,259	1,592	305
H	Bribe to purchasing agents	LEGAL	FINANCIAL	2,638	1,569	478	2,216	1,511	305
I	Insider stock purchase	ILLEGAL	FINANCIAL	3,015	1,893	477	2,545	1,896	303
J	Promotion of a friend over other	LEGAL	FINANCIAL	2,598	1,681	475	2,554	1,762	298
K	Accounting tricks to conceal	LEGAL		2,863	1,903	475	2,864	1,988	301
L	Safety design flaw cover up	LEGAL	PHYSICAL	1,671	1,093	474	1,680	1,314	306
M	Hire male employee	ILLEGAL	FINANCIAL	1,994	1,534	475	2,351	1,824	305
N	Deceptive advertising	ILLEGAL	FINANCIAL	2,801	1,750	473	2,502	1,779	303
O	Hire consult to deceive	AMBIGUOUS	PHYSICAL	1,802	1,437	474	1,657	1,426	303
P	Free software, violation of trade mark	ILLEGAL	FINANCIAL	3,319	1,866	476	2,723	1,855	303
Q	Roll-back odom. hi-pres. Sales	ILLEGAL	FINANCIAL	1,645	1,154	473	1,561	1,294	301
R	Not upgrade smoke stack	LEGAL	PHYSICAL	2,620	1,781	476	2,682	1,813	302
S	Editor pulls name from expose	LEGAL	FINANCIAL	2,144	1,441	471	1,953	1,599	301
T	Donate obsolete computers	LEGAL		5,041	2,074	469	4,704	2,241	297
U	Announce open to bribes	ILLEGAL	FINANCIAL	2,309	1,623	466	1,838	1,521	296
V	Bribe manager to make sale	LEGAL		2,362	1,536	472	2,078	1,540	296
W	Charitable giving from profits	LEGAL	FINANCIAL	2,810	1,709	463	2,779	1,859	294
X	Cust costs, inc risk of harm	LEGAL	PHYSICAL	1,431	0,993	466	1,344	1,053	299
Y	Noisy factory in residential	LEGAL		2,131	1,411	473	2,030	1,595	300

Some vignettes showed significant differences with regard to the opinion of professionals and students. An ANOVA test was performed and the statistical results are available in Table 3. As can be seen from the results, there were differences in the vignettes "M", "P" and "U". One possible explanation for the differences could be due to the experience of professionals that were gained while dealing with real-life situations. Students, who have more recently been in the classroom dealing with the ideal concepts of ethics are more likely to view such situations as unethical where professionals treat them as normal, everyday activities. Given the lack of emphasis on ethical behavior in Brazil, such results are not surprising.

Table 3 -- Significant differences between professionals and students

Vignette	Brief Description	Categories		Student Sample			Professionals Sample			F	Sig
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N		
M	Hire male employee	ILLEGAL	FINANCIAL	1,994	1,534	475	2,351	1,824	305	8,667	0,003
P	Free software, violation of trade mark	ILLEGAL	FINANCIAL	3,319	1,866	476	2,723	1,855	303	19,017	0,000
U	Announce open to bribes	ILLEGAL	FINANCIAL	2,309	1,623	466	1,838	1,521	296	16,010	0,000

For example, the vignette "M" presents a situation where "An employer received applications for a supervisor's position from two equally qualified applicants but hired the male applicant because he thought that some employees might resent being supervised by a female". As noted earlier, Brazil is a paternalistic society which could explain the attitude by professionals to believe that being supervised by a man instead of a woman may appear more commonly accepted by workers.

Vignette "P" presents the scenario in which an owner of a small business firm obtained a free copy of a copyrighted computer software program from a business friend rather than spending \$500 to obtain his own program from the software dealer. Interestingly, the responses showed greater acceptance by students who have an average perception of 3.319 against 2.7233 for professionals. One possible explanation could be partially explained by

the inexperience of students with regard to the implications to obtaining a free copy of a copyrighted computer software program. In addition, many countries have conflicting laws about proprietary software. Also, many students might be comfortable with the idea of 'free' software given the many downloads, some illegal, that are available on the Internet. Certainly, US students are familiar with downloads of games and music that are downloaded with payment.

Vignette "U" presents "a new sales representative who is taking over a sales territory in which her firm has been unsuccessful in landing a very large client, determined to make the sale, the agent decided to violate company policy and pay for a gift to client's manager". This vignette had greater acceptance by the professionals (mean 1.838), which seem to indicate that they are more willing to accept certain "shortcuts" in trade relations more easily than students (mean 1.623). Again, depending on the culture or country, payments such as 'gifts' or 'small bribes' are often an accepted way of doing business.

Business ethics research has shown that certain characteristics may influence the ethical behavior of certain groups, with emphasis given to the ethical behavior of men and women (Abdolmohammadi *et al*, 2003 Emerson *et al*, 2006). These studies shown definite differences between the genders. The studies have shown that women seem to have "stronger ethical attitudes" than men (Emerson *et al*, 2006, p.75). Some of these gender differences that were observed in this study can be seen in Table 4.

Table 4 –Significant differences between men and women

Vignette	Brief Description	Categories		Student Sample			Professionals Sample			F	Sig
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N		
J	Promotion of a friend over other	LEGAL	FINANCIAL	2,276	1,549	315	2,790	1,762	385	56,322	0,000
K	Accounting tricks to conceal	LEGAL		2,425	1,683	315	3,158	2,037	387	16,390	0,000
M	Hire male employee	ILLEGAL	FINANCIAL	1,617	1,271	316	2,524	1,818	389	26,170	0,000

The vignette "J" involves a situation in which a corporate executive promoted a loyal friend and competent manager to the position of divisional vice president in preference to a better-qualified manager with whom he had no close personal ties. This vignette had a lower acceptance by women. This result would suggest that women would have no inclination to accept a position that is not based on merit. Even though the appointment is not illegal or totally unethical since the friend is competent, the promotion should be based on merit and not as used for the promotion of friend with personal criteria only.

One of the issues that had the lowest average for women is the vignette "M" that presents the follow situation: "an employer received applications for a supervisor position from two equally qualified applicants but hired the male applicant because he thought that some employees might resent being supervised by a female." This situation shows the confirmation of the illegal paternalism that still exists and sometimes is accepted in Brazilian culture, where men might resent being supervised by a female no matter how competent or qualified the female is. Naturally, until there are significant changes in Brazilian thinking about the roles of men and women, it is not surprising that Brazilian women would not like this vignette.

Even with regard to observation of the expression of strong ethical attitudes driven by gender, the vignette "K" (A controller selected a legal method of financial reporting which concealed some embarrassing financial facts that would otherwise have become public knowledge) is

linked to the findings of Emerson *et al* (2006). Emerson noted the fact that it was a woman, Sherron Watkins, vice president of Development of Enron, who was the “whistle blower” of the company's disclosure of the scandal to the world. The findings in the Emerson study were confirmed in this study, which showed an average perception of women of 2.42 against an average perception of the men of 3.15, showing that females have a lower acceptability for this type of situation than the male.

Cultural comparisons have also been observed. For example, with respect to the above vignette "K" the responses from the United States study showed low significance of difference between the acceptability of students and professionals and averages more than 3 for both groups. The same scenario was presented in this study and demonstrated that in both situations, these "accounting tricks" (Emerson *et al*, 2006) were considered in some way acceptable by Brazilian respondents (table 5). This difference would seem to confirm the need for maintenance and establishment of further measures such as those required by the *Sarbanes-Oxley Act* (2002).

Table 5 – Comparative Means - Brazil versus USA

Brazil									
Vignette	Brief Description	Categories		Student Sample			Professionals Sample		
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N
K	Accounting tricks to conceal	LEGAL		2,863	1,903	475	2,864	1,988	301

EUA									
Vignette	Brief Description	Categories		Student Sample			Professionals Sample		
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N
K	Accounting tricks to conceal	LEGAL		3,436	1,845	608	3,241	1,786	608

With respect to comparisons made between cultures or the original article, published in the United States, (EMERSON *et al*, 2006) the results produced similar findings between Brazilian professionals and students and American respondents. These results can be seen for vignettes "B ", " C ", " Q ", which were considered less acceptable as indicated by their average of vignettes that had scores lower than 2.00 (at the 5% level of statistical significance), and as shown in Table 6.

The vignette "T" shows the situation involving a large computer manufacturer who recently introduced a new line of computers that made their existing line functionally obsolete. The company decided to donate the obsolete computer inventory to a local school district and in making this contribution to the school district, this company received a tax break and improved its image on social responsibility (EMERSON *et al*, 2006). The results in the Emerson study showed an average greater than 5 in the perception of professionals and more than 4 in the perception of students. In this study, they had an average of 5.04 with respect to students and an average of 4.0 for professionals. This result shows high acceptability about the vignette by the Brazilians and similarity to the US regarding corporate social responsibility.

Table 6 – Perceptions of Brazil and USA

Brazil									
Vignette	Brief Description	Categories		Student Sample			Professionals Sample		
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N
B	Exceed legal lim. Pollution	ILLEGAL	PHYSICAL	1,567	1,128	476	1,557	1,202	307
C	Recommend bad stok	LEGAL	FINANCIAL	1,896	1,263	472	1,686	1,223	306
Q	Roll-back odom./hi-pres. Sales	ILLEGAL	FINANCIAL	1,645	1,154	473	1,561	1,294	301

EUA									
Vignette	Brief Description	Categories		Student Sample			Professionals Sample		
		Legality	Harm	Mean	Standart Desv.	N	Mean	Standart Desv.	N
B	Exceed legal lim. Pollution	ILLEGAL	PHYSICAL	1,585	1,006	610	1,272	0,742	518
C	Recommend bad stok	LEGAL	FINANCIAL	1,982	1,137	610	1,375	0,763	518
Q	Roll-back odom./hi-pres. Sales	ILLEGAL	FINANCIAL	1,567	1,091	607	1,079	0,372	520

Compared to physical and financial harm, the response that received the lowest average in the perception of both students and professionals, was the vignette "X" that had imminent physical harm to babies.

The design department of XYZ Child Corporation recently developed a new, lighter weight baby carrier. The new design is less expensive to manufacture, but has a slightly higher risk of handle collapse which could cause injury to children. XYZ decided to produce and market the carrier anyway (EMERSON *et al*, 2006)

This issue in the perception of students received an average of 1.431 and acceptability by professionals of 1.344, lower than the average inferred the U.S. study, which received 1.987 and 2.373 respectively in the perception of students and professionals. This result indicates, for Brazil, that Brazilians tend to be less accepting to issues involving physical damage as opposed to just financial damage.

V. Conclusions and Limitations

According to Emerson *et al* (2006), recent scandals involving accountants drew attention to the ethical practices involving the work of these individuals. But even after the introduction of barriers and laws aimed at standardization and homogenization, the protection of these professionals still exists in many countries, even with the concern and the focus turned to the work of accounting ethics.

This study aimed first to compare the perceptions of Brazilian students from two institutions, one public and one private, with the perceptions of accounting professionals who work in the real world Brazilian accounting market. In addition, we wanted to see how these perceptions compared to a similar study in the United States. The US study giving rise to this research, helped to provide a basis for tracing an ethnic and cultural relationship to ethical practices in Brazil. Students and professionals have different opinions on some issues. These include attention to the issue involving obtain a free copy of copyrighted computer software, which might be partly explained by the likely inexperience of students with regard to the implications arising from the use of this product.

Overall, the results showed few significant differences in ethical choices of the two groups. However, some of the issues such as the choice of reports that should not hide things that come to exemplify the public and what happened at Enron, have a lower acceptability of the

female subjects, which confirms some studies that demonstrate a more ethical profile for women.

One of the limitations of this study, as with any survey, is that the responses may not necessarily express the views of other respondents if a different study were done. Another limitation is in the case of students. Students do not have the life experiences of professionals and could not be expected to serve as a proxy for accounting professionals. However, it is interesting to note that there were few differences between the groups. A third limitation is that the respondents were from the same part of Brazil. The respondents of this study all live in the Brazilian state of Parana and work in the city of Curitiba. While Curitiba is a large city with a population of nearly 2 million people, responses might have been different had the study focused on other states within Brazil. Perhaps had the study been done nationwide, the results would be different. It is suggested that future studies address the perceptions of students from two universities. That is, studies should consider if there are differences between public and private universities. Another future study could look at those guided by different ideologies as well as attempts at crossing of cultures. A broader cross-section of accounting students and professionals from other countries would be another source of future research.

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