

Ethical Behaviour of Professional Accountants in Brunei

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Abstract

Ethical behavior is deemed important in today's environment as corruption scandals persist to exist. Financial malpractices have directed research attention to increase professional accountant's ethicality. This paper tries to analyses the ethical behavior of Bruneian Accounting professionals in Small and Medium Enterprises. High-profile accounting failures have led to the introduction of the Code of Ethics for Professional Accountants produced by International Ethics Standards Boards for Accountants as they serve public interest by setting-high quality ethical standards. This paper additionally examines the ethical issues that occur in organizations and individuals specifically. The paper then tries to analyses how different factors and demographic variables affect the moral attitudes of Bruneian accountants. Moreover, this research paper explains how education and training on ethics might improve ethical sensitivity and awareness of ethical issues. Questionnaires were distributed to various small and medium enterprises in Brunei. As there are no previous papers addressing the ethicality of Bruneian individuals in organizations, this paper tries to accomplish how Bruneian accountants think ethically and their awareness of the importance of ethical behavior in businesses. We used averaging method to calculate the data and we found that there are variations among gender, age group and working experience in ethical behavior.

Keywords: Ethical Behaviour, Accounting Professionals, Brunei.

1 Introduction

The demand for ethical standards have increased significantly over the years as financial malpractices proves to be catastrophic to a nation's economy. As mention in the Code of Ethics for Professional Accountants produced by International Ethics Standards Boards for Accountants (IESBA) states that threats to ethical behavior are self-interest, self-review, advocacy, familiarity and intimidation. Fraudulent activities, whistleblowing issue, and confidentiality issues are few of the ethical issues exist in various high-profile accounting failures.

This paper aims to analyses the ethical behavior of professional accountants in Brunei especially in Small and Medium enterprises. Through various ethical issues that persist to exist, ethical model was designed to address the ethical attitudes of individuals. Ethicality of individuals such as egoism, utilitarianism and deontology are inherent in each individual. The

questionnaire were established and designed to perceive to what extent Bruneian accountants think ethically. There are also apparent differential in behavior of accountants between gender, age, tenure and working experiences as explained by various research. Through the ethical statements mention in the questionnaire, its objective is to determine whether there are significant differences in ethical behavior of professional accountants. Various literature reviews and prior research papers regarding ethics will be explained in the following section.

The literature review furthermore includes some insights into the benefits of accounting education especially for professional accountants. Several studies have explored and suggests on improving ethical behavior of professional accountants to prevent the notorious financial scandals. The potential solution to an ethical crisis faced by professional accountants is through accounting education (Jackling et al., 2007). Ethical educations and interventions are also emphasized that it should be studied at the pre-qualifying programs (Jackling et al., 2007; Arfaoui et al., 2015). Pre-qualifying programs helps future professional accountants to build stronger foundation in their ethical behavior. After literature review section, the rest of the paper will be followed by research method, result and findings, and finalizing the paper with conclusions.

2 Literature review

The literature review to this study relates to prior research on ethical issues and the reasons why unethical behaviors occur in organization. Furthermore the literature review mention about the ethical model mentioning different ethical standards: egoism, utilitarianism and deontology. This review moreover tries to attempt in explaining about the perceived unethical issues exist in organizations and the possible factors that resulted in different ethical behavior such as whistleblowing, gender, age, working experiences, ethical climate and ethical culture, and explain the ways on how several researchers apply ethics education or ethics intervention, and ethical orientation to future public accountants to increase their awareness and receptivity on ethics dilemmas.

2.1 Code Of Ethics

The past 15 years, financial scandals exemplified by Enron and WorldCom in the United States of America (USA) had made a huge impact to the economies of the USA. Despite interventions by authorities, high-profile accounting debacles nevertheless exist. Recent financial scandals, Transmile Group Berhad (2005-2006) and 1Malaysia Development Berhad (2015) from Malaysia, Olympus Corporation (2011) and Toshiba (2015) from Japan, and Tesco PLC (2014) from United Kingdom encompass unethical business practices deliberately staged by management. Ethical problems then can be perceived to exist inherently in financial scandal. These high-profile ethical failures give rise to credibility crisis and lost of confidence in the competence and ability of professional accountants and business organizations for the reporting of financial statements as it subsequently affects the society as a whole.

Society's skepticism is apparent, especially the users of financial information towards the preparation of financial statements. Consequently, research attention has now focuses on how to overcome ethical issues. With the introduction of code of ethics especially for professional accountants, this will help accredited accountants to gain credibility and wide acceptance from the society. Professional Institutes such as American Institute of Chartered Public Accountants (AICPA), and the International Federation of Accountants (IFAC) developed code of ethics for professional accountants to guide their moral behavior and to help them to overcome ethical dilemmas.

2.2 Ethical Issues

However, there are conflicts of interest exists between professional accountants and various stakeholders that may lead to compromise (Jackling et al., 2007). Management are individuals with huge influences in the organization that have the jurisdiction to affect the organizational policy by behaving unethically, thus personnel might perceived the behavior of management as justifiable. Hence, some organizations believe that it is desirable to be secretive and dishonest and may counter the likelihood of ethical behavior (Sims, R.R., 1992; Appelbaum et al., 2005). Organizations tend to punish those people who are too honest (Sims, R.R., 1992). Of particular interest is whistleblowing, “defined as the disclosure by organization members’ illegal or immoral or illegitimate practices to organizations that may be able to effect action” (Sadler and Barac, 2005, p.117). Reporting unethical behavior of management may be an act of disloyalty (Abu Bakar et al., 2008). Furthermore, employees who whistle the blow of management’s unethical behavior will experience negative treatment (Sims, R.R., 1992). Sims, R.R. (1992) additionally mention “Bottom-line mentality” which encourages financial achievements to be gained because of sacrificing other people’s interest (Appelbaum et al., 2005). This is because organizations appear to disregard ethical values in order to gain profits and conflict of interest between public interest and self-interest appears unlikely to diminish. Hence, the conflict of interest is increasingly under scrutiny, “with highly publicized corporate collapses and alleged accounting failures” (Jackling et al., 2007, p.931).

2.3 Ethical Model

In explaining different moral and ethical behavior, various models have been developed. Ethics model by Epstein and Spalding (1993) (cited from Keller et al., 2007) explains the accountant’s ethical behaviors, which are comprised of egoism, utilitarianism, deontology and religious. Egoism focuses on maximizing one’s own self-interest, meaning it is ethical if it best serves the individual interest and it mostly promotes selfishness (Modarres and Rafiee, 2011). Potential of conflict is apparent in egoistic system as individual has a motive for maximization of utility (Keller et al., 2007). Utilitarianism maximizes societies interests or for the greatest good for the greatest number. However, it rests on the idea that the ends justify the means (Armstrong et al., 2003), even if it is considered to be immoral (Modarres and Rafiee, 2011). It is logical, as “one should engage in projects in which the benefits exceed the costs” (Armstrong et al., 2003, p.6). However, “a cost benefit analysis to evaluate consequences of a behavior or action is time consuming and inaccurate” Modarres and Rafiee, 2011, p. 138). Deontology focuses on doing one’s duty to fulfill obligations. The accountant ethics is based on accountant’s code as they have the duty to fairly represent the company’s financial performance (Keller et al., 2007). Religious uses religious guidance to guide moral behavior. It relies “on the guidance of a supreme being, who sets standards of right and wrong” (Keller et al., 2007, p.302). Modarres and Rafiee (2011) mention that religious values have played a positive role in the development of moral behavior.

2.4 Factors affecting Ethical Behavior

Both studies by Keller et al. (2007) and Modarres and Rafiee (2011) evaluate the factors influencing the ethical behavior of accounting students in universities on the ethical criteria. Both studies found differences in the ethical standards of gender, education and work experience. Studies by Keller et al., (2007) found that most students agree with religious statement and no students strongly agree with deontology and egoism statements. Modarres and Rafiee, (2011) found differences in the ethical standards between gender stating that religious beliefs

are found to be stronger in females and they are less egoistic compared to males, and students without work experiences have stronger religious beliefs. Analysis by Keller et al., (2007) similarly found that religiosity was the strongest influence on ethical decision-making for both genders and that females are more likely to make ethical decisions based on religious standards. Both Keller et al. (2007) and Modarres and Rafiee (2011) found the level of education appears to influence the level of ethics criteria as students based their decision-making on religious principles. However, Iranian student's reliance on utilitarian, deontological, and religious thinking are not strong (Modarres and Rafiee, 2011). However religious proves to be the strongest influence on ethical decision-making (Keller et al., 2007) and that it provides a strong foundation for the behaviors that people choose in cases where ethical judgment is needed.

Similarly several prior studies have tried to determine and examine the factors affecting a person's ethical perspectives on the formation of ethical criteria and ethical sensitivity and there are studies that found ethical sensitivity related to personal factors (Chan and Leung, 2006) and. A study by Sadler and Barac (2005) measures the ethical views of male and female final year accounting students in South Africa through several vignettes. Sadler and Barac (2005) mention there are noticeable differences in the pattern of behavior between genders as men value competition more to achieve success whereas women focus on performing their tasks well (Holmes et al., 2012) and women tend to base their moral judgment on what pleases or help others. Reiter, S. (1997) mention that "Traditionally, women are considered to be more intuitive, empathic, selfless and kind-hearted, while men are seen as more deliberate, judgmental and rational in moral choices" (p.300). Hence, female morality and ethical behavior are expected to differ compared to males. However, in evaluating ethical perceptions and judgements, gender differences has frequently produced mixed results (Sadler and Barak, 2005). Subsequently few studies discovered that female tends to perform and exert more ethical behavior compared to males (Banerjee et al., 1996; Appelbaum et al., 2005; Chan and Leung, 2006; Keller et al., 2007; Modarres and Rafiee, 2011; Holmes et al., 2012; Tormo-Carbó et al., 2013). O'Leary and Cotter (2000) mention in their research that male students in Ireland were twice as likely as female students to participate in fraud and bribe, whereas in Australia males were almost four times as likely. Holmes et al., (2012) hypothesized that female students will pay more tax liabilities compared to males and the results found that female do behave ethically compared to males.

Students who had some work experience were worried that there will be a conflict between their ethical standards and the standards in the work place (Keller et al., 2007). Students may encounter real ethical issues thus their ethical standards may change based on the ethical dilemmas they faces (Modarres and Rafiee, 2011). Keller et al. (2007) and Modarres and Rafiee (2011) hypothesized that students with work experience will have significantly different ethical standards from those students without work experience as individuals who work for a long time shows a higher ethical commitment behavior (Keller et al., 2007; Modarres and Rafiee, 2011). Work experiences prove to be a factor in influencing ethical standards of Iranian accounting students (Modarres and Rafiee, 2011). This finding is supported and consistent with Keller et al. (2007). Notable finding by the studies was that students with work experience tend to have a less egocentric attitude toward ethics than those without work experience. However both studies have limitations that they focuses more on accounting students compared to practicing accountants.

When students enter the workforce, there are factors that affect ethical behavior such as organizational climate (Wimbush et al., 1997; Martin and Cullen, 2006; Jackling et al., 2007; Shafer and Wang, 2010) and ethical culture (Treviño et al., 1998; Appelbaum et al., 2005;

Shafer and Wang, 2010). Ethical climate is the environment that is perceived by individuals in an organization that might affect decisions and attitudes, and “represent the organizational values, practices, and procedures that pertain to moral behaviors and attitudes” (Cullen et al., 2003; Martin and Cullen, 2006). Ethical climate of an organization helps to determine how employees at all levels make ethical decisions (Cullen et al., 1989). Sims (1992) mention the influencing factors of different ethical climates in an organization are: personal self-interest, company profit, operating efficiency, individual friendships, team interests, social responsibility, personal morality, rules and standard procedures, and laws and professional codes.

“An organization’s ethical climate is part of its organizational culture” (Appelbaum et al., 2005, p.43). Victor and Cullen (1989) mention that once employees are part of an organization, the socialization process taught employees which values are held in high esteem and rewarded by the organization culture (Jackling et al., 2007). “Organizations with stronger ethical climates were more likely to be successful in dealing with ethical issues” (Appelbaum et al., 2005). Treviño et al. (1998) mention that ethical culture concept “is more phenomenal, focusing on employee perceptions of organizational practices such as rewards (punishments) for ethical (unethical) behavior” (cited from Shafer and Wang, 2010). Treviño et al. (1998) suggest that ethical culture may affect both employee attitudes and behavior by establishing what is considered legitimate or acceptable within an organization. Shafer and Wang (2010) mention their research focuses on ethical context in an organization through organizational-professional conflict and organizational commitment. Organization that promotes strong ethical context in an organization will be expected to negatively associate with organizational-professional conflict, and furthermore expected to positively associate with organization commitment. Companies with higher level of ethical commitment exhibit better quality of financial reporting compared to companies with lower level of ethical commitment (Choi and Pae, 2011).

2.5 Ethical Interventions

With the introduction of codes, that guides the behavior of professional accountants, currently researchers are trying to develop ways in improving ethics in professional accountants and accountant students to increase ethical awareness and ethical sensitivity, such as ethical education (Hiltebeitel and Jones, 1992; Sadler and Barac, 2005; Jackling et al., 2007; Carreira et al., 2008; Arfaoui et al., 2015). As the goal of ethics education tries to achieve upright behaviors, “it should insist on awaking moral sensibility, help make sound moral judgments, induce moral motivation, and encourage moral virtues” (Melé, D., 2005, p.105).

One potential remedy to address the profession’s ethical crisis is through accounting education (Jackling et al., 2007). Higher education institutions should not only focuses on generating highly competent accountants but also accountants with high ethical standards (Ismail, S., 2014). As a result, greater emphasis has focuses on introducing ethics education into the accounting curriculum (Sadler and Barac, 2005; Jackling et al., 2007; Tormo-Carbó et al., 2013). Sadler and Barac (2005) emphasize that it is a strategy to improve the ethical standing of future public accountants to restore public confidence and ensure the survival of the profession. The respondents from Jackling et al. (2007) agree that social and behavioral skills can be learned in educational programs as it is linked to ethics education. It is expected that an increase in level of education will eventually lead to stronger ethical criteria (Modarres and Rafiee, 2011).

As ethics and professional deontology play an important role in organizations and society, Carreira et al., (2008) analyze the role of ethics and moral values in higher education. The study found that regarding the affective or assessing attitude of ethics, where it measures the students' receptivity about ethics, "the subject of Ethics and Professional Deontology strengthened the students' convictions about the importance of the existence of deontological code, of ethical principles and of accounting information" (p.102). Chan and Leung (2006) support accounting ethics interventions as it increases accounting students sensitivity to ethical issues. After ethics integration, Hitebeitel and Jones (1992) likewise found that the principles the students' rely on when making moral decisions were affected and states that it has positive impact on business students. Accountants' compliance and an increase in moral behavior can be expanded through an understanding and accepting ethical code (McCarthy, I. N., 1997). Familiarity with ethical codes is expected to influence students' ethical criteria (Modarres and Rafiee, 2011). However McCarthy (1997) concluded that even though accounting students were expose to the AICPA Code of Conduct (ethical orientation), the study did not find any significance improvement. Similarly, Arfaoui et al., (2015) collected data on observation of ethics education session and found no significance differences between pre- and post-ethics intervention of auditors that receive ethics intervention and accounting students that does not receive ethics intervention. A minority of the respondents indicates that ethics interventions are not appropriate to the students' curriculum and concluded that moral reasoning and development did not increase despite the interventions.

3 Methodology/Materials

3.1 Survey Instrument

For the purpose of the current study, the participants were required to complete two parts of the survey. The first part of the questionnaire was demographic variable, where the details of the respondent were asked. As prior literature research investigates how demographic variables caused different ethical behavior and attitudes, demographic data was inquired and needed to assess the effect it will have on the ethicality of Bruneian accountants. Statements concerning ethics was the second part of the survey, which the paper specifically addresses the personnel perceptions on various factors that affect ethical behavior.

However, this study does not follow Victor and Cullen (1987) analysis and we did not implement the instrument they create which is the Ethical Climate Questionnaire (ECQ) (Appelbaum et al., 2005; Cullen et al., 2003). However, we use the concept of egoism, utilitarianism and deontology for ethical climate statements and categories into the factors that influenced ethical climate mention by Sims (1992). Furthermore, we did not use Treviño (1990) instrument entirely for ethical culture statements. Thus, both limitations constraint the possible ethical climate and culture exists in various organizations.

Table 1
Demographic Variable

Variable	N = 173	Percentage
Gender		
Male	53	30.6%
Female	120	69.4%
Age		
20 years and below	5	2.9%
21 to 30 years	105	60.7%
31 to 40 years	38	22.0%
41 to 50 years	21	12.1%
51 years and above	4	2.3%
Race		
Malay	131	75.7%
Chinese	37	21.4%
Indian	2	1.2%
Indonesian	0	0%
Others	3	1.7%
Position		
Officer/Accountant	96	55.5%
Manager	22	12.7%
Supervisor	25	14.5%
Director	2	1.2%
Others	28	16.2%
Number of Years Working		
1 – 3 years	80	46.2%
4 – 6 years	42	24.3%
7 – 9 years	25	14.5%
10 – 12 years	12	6.9%
12 years and above	14	8.1%
Types of Organization		
Sole Trader	27	15.6%
Partnerships	23	13.3%
Financial Institutions	38	22.0%
Services Industry	62	35.8%
Franchises	6	3.5%
Others	17	11.9%
Size		
Small	38	22.0%
Medium	135	78.0%

These questionnaires, issued to various positions in Small and Medium Enterprises (SMEs), aims to identify the current practices and beliefs in ethical situation of their organizations: the ethical climate and ethical culture. The survey include statements, which could be placed under the categories of egoism, utilitarianism, deontology, and on different ethical issues such as conflict of interest, whistleblowing issue, fraudulent activities, confidentiality issue, safeguards, punishment and reward. Thus, the survey uses a five-point Likert-scale to assess the participants' opinion from "strongly disagree" (1) to "strongly agree" (5). We used averaging method to calculate the data and to assess the value if there are variations among gender, age group and working experience in ethical behavior.

3.2 Sample and Data Collection

The questionnaires were distributed to various accountants, managers, supervisors, directors in Small and Medium Enterprises in Brunei. We initially sent the survey to 180 enterprises, however only 173 responded, thus the response rate was 96.1%. Table 1 provides a summary of demographic variable data.

Gender. Out of 173 respondents, 53 were male whereas 120 were female. More than half of the respondents were female, thus generating a sample of 30.64% male and 69.36% female. Female outnumber males by 38.73%.

Age. 5 respondents are in their youthful age of 20 years and below, 105 were from the age of 21 to 30 years old, 38 respondents are in the age of 31 to 40 years old, 21 respondents are from the age of 41 to 50 years old, and 4 were 50 years old and above. 2.89% respondents were 20 years and below, 60.69% were 21 to 30 years old, 21.97% were 31 to 40 years old, 12.14% were 41 to 50 years old, and 2.31% were 50 years and above.

Race. The population in Brunei are mostly consists of Malay; however other ethnicities such as Chinese, Indian, Indonesian and others resides in the nation. Majority of the respondents are Malay, around 131 out of 173 respondents, 37 were Chinese, two were Indian and three were others. The percentage of Malay respondents were 75.72%, 21.39% Chinese, 1.16% Indian, and 1.73% others.

Position. 55.49% respondents were officer or accountant, which consists of 96 individuals. 22 respondents were manager, which was around 12.72%, 25 were supervisors and amounted to 14.45%, 2 were directors, which contributed to 1.16%, and 28 were others totaled to 16.18%.

Number of Years Working or Tenure. Whilst hiring new employee, several companies set 3 years as the minimum years of contract. Hence, the number of years being surveyed was in the gap of 3 years. Majority of the respondents, around 46.24% or 80 respondents have worked for their companies for 1 to 3 years. 42 respondents or 24.28% individuals worked for 4 to 6 years, 25 worked for 7 to 9 years which contributed to 14.45%, 12 respondents worked for 10 to 12 years which was around 6.94%. 14 people, around 8.09% have worked for 12 years and above.

Types of Organization. Various companies are 27 respondents work in sole trader, 23 from partnerships, 38 financial institutions, 62 services industry, 62 franchises, and 6 others. 15.61% were sole trader, 13.29% partner, 21.97% financial institution, 35.84% services, 3.47% franchises and 11.89% others.

Sizes. As the questionnaire is design specifically for Small and Medium Enterprises, there are only two options, between whether the company is small or medium. Majority of the enterprise are medium sizes, roughly around 78%, which corresponds to 135 out of 173 respondents. Whereas from 173 respondents, approximately 22% are from small sized enterprise, which is around 38 respondents.

Table 2

Main Ethical Behavior of Respondents

	Factors	Average
Ethical Climate	Company Profit (Loyalty)	2.40
	Company Profit (Business interests)	2.43
	Independence	4.04
	Team Interests	3.64
	Rules & Standards Procedure	3.87
Ethical Culture	Sanction	4.1
	Compliance	4.2
	Leadership	4.22
	Promoting	4.15
	Commitment	4.03
	Reward	3.76
Confidentiality	Disclosure	4.4
	Respect	4.44
Professional Behavior	Violation	3.68
	Fraudulent	3.71
	Scandals	3.48
Deontology	Conforming	3.69
Objectivity	Judgement	3.66
	Conflict of Interest	3.23
Whistleblowing	Relationships	3.41
	Dismissal	3.06

4 Results/Findings

This section discusses the findings of ethical behavior of Bruneian accountants as a whole, and based on the demographic factors such as gender, age and working experiences. The paper uses averaging method to calculate the Likert scale values, thus the values that gives a higher amount represents strong ethical behavior to the statements. Whereas the opposite applies to lower values where lower figure means unethical behavior. From the data analysis, the ethicality of Bruneian accountants as a whole was considered ethical. The ethical statements were derived from Cullen et al., (2003) and Shafer and Wang, (2010). The factors influencing ethical climate mention by Sims (1992) such as company profit, team interests, personal morality, and rules and standard procedures are incorporated into the questionnaire as an ethical statement. Two statements of company profit (Loyalty should not be emphasized when management violates code of conduct; and Community interests over business interests) considered as an egoistic approach or an instrumental climate that aims to benefit the management or the business. In an instrumental climate, individuals perceive that what guides their behavior is their self-interest and it is often at the disadvantage of others (Martin

and Cullen, 2006). Company profit statements have an average value of 2.4 and 2.43 (refer to Table 2), which shows that most of the respondents chose loyalty and business interests. The two particular statements show that some of the respondents are displaying an unethical behavior. This type of ethical climate might suggest that top management reinforces the way lower-level employees behave.

The respondents mostly agree to the ethical climate statement (Ethical values and behavior should be incorporated into business enterprises) with an average of 4.04. Bruneian accountants, incorporating the importance of principles in their action, considered it. Independence or personal morality climate “indicates that individuals believe they should act on deeply held, personal moral convictions to make ethical decisions” (Martin and Cullen, 2006, p.179), thus they agreed that it should be incorporated into business environment. Team interests statement (Individuals in this organization are particularly interested in society’s welfare (Cullen et al., 2003; Shafer and Wang, 2010)) falls into the category of utilitarianism concept, it is when the individuals perceive decisions are based on concerns for the well-being of others. Whereas rules and standard procedures statement (Everyone in this organization are particularly interested in society’s welfare (Cullen et al., 2003; Shafer and Wang, 2010) falls into deontology category where in this atmosphere, the decision-making in the organizations are guided by a set of local rule or standards (Appelbaum et al., 2005, Martin and Cullen, 2006). Bruneian accountants furthermore were in agreement with the positive statement of team interests, and rules and standard procedures with an average value of 3.64 and 3.87 respectively.

Ethical culture may affect both employee attitudes and behavior. For ethical culture, we average over the values after averaging each statement, and give a total average value of 4.08. The value represents high ethical culture exists in the organizations. The ethical culture statements are derived from a study by Shafer & Wang, 2010: Sanction statement (Violating the ethical code of conduct should be sanction by the authority), Compliance statement (Management must comply with the laws and authority), Leadership statement (Management should demonstrate high ethical standards for its personnel to follow), Promoting statement (Promoting moral development will lead to the efficiency in companies operations), Commitment statement (Management is aware that promoting ethical context will increase personnel commitment to the organizations), and Reward statement (Ethical behavior is rewarded in this organization. Ethical culture factors such as obedience to authority and ethical norms are deemed the most significant factor in affecting individuals’ behavior (Shafer and Wang, 2010). Compliance statement, which is similar to obedience to the authority, has the highest average value. However, for reward statement scores the least value. Offering reward for ethical behavior will increase ethical commitment of an employee to their organization. This study is supported by Arfaoui et al., (2015) and Chan and Leung (2006) where the ability to recognize ethical issue is not significantly related to gender. From the data analysis, there are no differences in male and female respondents in their ethical behavior. This is in contrasts with findings by Sadler and Barac (2005), Modarres and Rafiee (2011), Holmes et al., (2012) where female tends to perform and exert more ethical behavior compared to male. For independence, team interests, and rules and standards procedure ethical climate statements, female has higher values compared to males; however, differences in the values between both genders have little significance to suggest higher ethical behavior between genders. The most notable figure is where female respondents respond more in agreement with the independence or personal morality statement which means female tends to act based on their personal moral beliefs. Both genders show more agreement for ethical culture, meaning that their ethical behavior is similar. However, for the whistleblowing statements, male respondents are more willing to report unethical behavior by colleagues and friends. Instead,

women are far more afraid of dismissal from employment if they inform unethical act by management thus more unethical compared to male.

Table 3

Demographic Variable – Gender

Factors	Male	Female
Ethical Climate	Company Profit (Loyalty)	2.41
	Company Profit (Business interests)	2.41
	Independence	4.12
	Team Interests	3.68
	Rules & Standards Procedure	3.93
	Sanction	4.17
Ethical Culture	Compliance	4.24
	Leadership	4.24
	Promoting	4.19
	Commitment	4.05
	Reward	3.77
Confidentiality	Disclosure	4.46
	Respect	4.54
Professional Behavior	Violation	3.68
	Fraudulent	3.73
	Scandals	3.52
Deontology	Conforming	3.68
Objectivity	Judgement	3.68
	Conflict of Interest	3.31
Whistleblowing	Relationships	3.36
	Dismissal	2.9

Moral developments are expected to increase with age (Holmes et al., 2012). From this study, older people from the age of 31 to 40 years old and 50 years and above show a higher ethical behavior. This finding is similar with Chan and Leung (2006), where ethical sensitivity is positively correlated with age and findings by Tormo-Carbó et al., (2013), where older students are more likely to detect ethical issues. Young ages of 20 years and below however were less ethical compared to older employees. For most of the ethical statements, they have the lowest agreement. The most notable values are of whistleblowing statement, where most of the younger age will not report unethical behavior by colleagues and friends and are afraid to lose their current employment if they inform unethical act by management. This gives the possibility that younger age will tend to conceal unethical acts by their colleagues and management, thus there is a high chance they will involve in unethical acts.

Table 4
Demographic Variable - Age

		20 years and below	21 to 30 years	31 to 40 years	41 to 50 years	50 years and above
Ethical Climate	Company Profit (Loyalty)	2.6	2.39	2.47	2.05	3.75
	Company Profit (Business inter- ests)	2.8	2.43	2.42	2.24	3.25
	Independence	4.2	3.95	4.16	4.1	4.75
	Team Interests	3.8	3.66	3.63	3.29	4.75
	Rules & Stand- ards Procedure	3.8	3.77	3.97	4.05	4.5
	Sanction	3.8	4	4.29	4.14	5
	Compliance	3.6	4.07	4.45	4.43	5
Ethical Culture	Leadership	3.8	4.09	4.5	4.38	4.75
	Promoting	3.8	4.04	4.32	4.38	4.75
	Commitment	3.8	3.9	4.26	4.14	4.75
Confidentiality	Reward	3	3.69	4.03	3.81	3.75
	Disclosure	3.4	4.37	4.58	4.57	4
Professional Behavior	Respect	3.6	4.38	4.61	4.5	5
	Violation	3.6	3.48	3.92	4.14	4.5
	Fraudulent	3.2	3.7	3.71	3.71	4.5
Deontology	Scandals	3.4	3.52	3.18	3.62	4.5
	Conforming	3	3.59	3.92	3.76	4.75
Objectivity	Judgement	3.2	3.62	3.68	4.05	3.25
	Conflict of In- terest	3	3.44	2.84	2.67	3.75
Whistleblowing	Relationships	3.8	3.22	3.87	3.71	2
	Dismissal	2.8	2.97	3.32	3.38	1.5

Those who worked in the range of 4 to 9 years values interest society or team interests, and principles more compared to those employees who merely worked for 1 to 3 years. For employees who have worked for 7 to 9 years has shown higher values for ethical culture statements which means that the organizations have a high ethical culture which eventually affects its decision making. Other factors such as confidentiality, professional behavior, and deontology and objectivity statements indicate high ethical behavior as each average value shows a value of equal and more than three (refer to Table 5). For violation statement, those who work for 10 – 12 years are more ethical. Those who have more work experience tend to recognize ethical issues more (Keller et al., 2007). Those who work for 1 to 3 years, and 13 years and more are especially in fear of dismissal from employment if they were to inform unethical act by management.

Table 5

Demographic Variable - Tenure

					10 - 12 years	13 years & above
Factors		1 -3 years	4 - 6 years	7 - 9 years		
Ethical Climate	Company Profit (Loyalty)	2.51	2.57	2	1.83	2.5
	Company Profit (Business inter- ests)	2.61	2.33	2	2.08	2.79
	Independence	3.81	4.1	4.44	4.5	4.07
	Team Interests	3.6	3.79	3.68	3.5	3.43
	Rules & Stand- ards Procedure	3.65	3.93	4.24	4.17	4
	Sanction	3.99	4	4.52	4.17	4.21
	Compliance	3.99	4.17	4.64	4.58	4.43
Ethical Culture	Leadership	4.04	4.21	4.64	4.17	4.57
	Promoting	4	4.19	4.4	4.25	4.36
	Commitment	3.89	4.14	4.28	3.92	4.14
	Reward	3.65	3.79	4.2	3.67	3.57
Confidentiality	Disclosure	4.25	4.55	4.6	4.58	4.36
	Respect	4.26	4.6	4.52	4.67	4.64
Professional Behavior	Violation	3.4	3.81	4	4.25	3.86
	Fraudulent	3.69	3.5	4.12	3.67	3.71
	Scandals	3.59	3.21	3.52	3.42	3.64
Deontology	Conforming	3.61	3.55	4.2	3.5	3.86
Objectivity	Judgement	3.56	3.62	3.92	3.75	3.86
	Conflict of In- terest	3.15	3.38	3.4	2.75	3.36
Whistleblowing	Relationships	3.19	3.62	3.72	3.58	3.36
	Dismissal	2.84	3.02	3.76	3.58	2.71

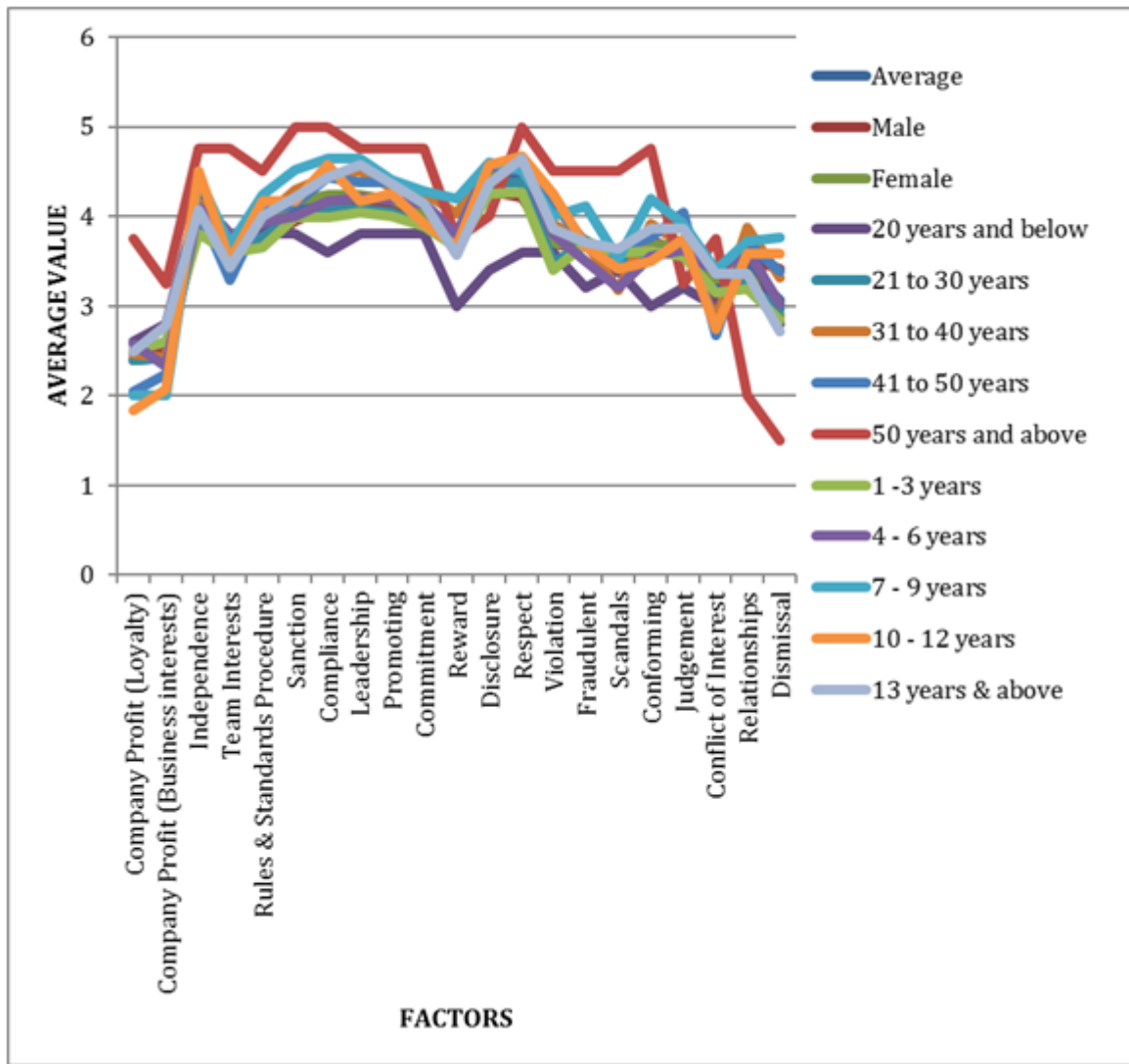


Figure 1

5 Discussion and conclusion

This paper sought to comprehend to what extent Bruneian think ethically. The paper additionally examines the perceptions of various respondents towards ethical statements designed in the questionnaires that were distributed to several Small and Medium Enterprises (SMEs). The results demonstrate that Bruneian accountants behave ethically for majority of the ethical statements, however two statements of ethical culture about company profit proves that for Bruneian accountants, management interests are highly preferred in the company. This egoistic attitude and behavior of individuals towards their management might be catastrophic in the long-term survival of the organizations. This improper leadership and poor organizational culture leads to ethical interventions and education to confront potential ethical problems (Hiltebeitel and Jones, 1992; Sadler and Barac, 2005; Jackling et al., 2007; Carreira et al., 2008; Arfaoui et al., 2015).

Each factor of demographic variable, gender, age and working experience has high ethical behavior for each category of ethical climate, ethical culture, confidentiality, professional behavior, deontological, and objectivity positive statements. From this study, demographic variables such as gender, age and working experience shows high ethical values for ethical cul-

ture, confidentiality, professional behavior, deontological, objectivity and whistleblowing. However, each demographic variable shows unethical behavior towards the two statements in ethical culture: company profit (loyalty) and company profit (business interests). Gender specifically does not have any effect on the ethical behavior of respondents, thus agreeing with the study by Arnaout et al., (2015) and Chan and Leung (2006). Age does have an effect on the ethical behavior of respondents as the older the respondents, the higher their ethical values. This finding of higher moral development as age increases is similar to Chan and Leung (2006). It can be perceived from the findings that those who have more work experience tend to recognize ethical issues more and shows more ethical commitment behavior (Keller et al., 2007). For the whistleblowing statements, female, age of 20 years and below and 50 years and above, working experiences of 1 to 3 years and 13 years and above are afraid of dismissal from their current employment. Merely a minor number of the respondents are unwilling to be a whistleblower. Despite the slight negative data at both end of the chart in Figure 1, it can be perceived that this study demonstrates that Bruneian professional accountants have high ethical standards as most of the average values are above three.

As far as the authors are concern, there are no previous studies concerning ethical behavior of professional accountants in Brunei especially in SMEs. There are several improvements and potential research in Brunei regarding ethical behavior of professional accountants for various organizations especially incorporating the instrument made by Victor and Cullen (1987). As previous studies by Cullen et al., (2003), Shafer, and Wang (2010) mention that there are specifically five ethical climates exists in organizations. Further research on organizations ethical climates and culture based on the instruments designed by Victor and Cullen (1987) for Ethical Climate and Treviño (1990) for Ethical Culture (cited from Shafer and Wang, 2010) can be use for future ethical research in Brunei.

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