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**ETHICAL ISSUES IN THE ACCOUNTING PROFESSION: THE  
CASE OF BANGLADESH**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 14110 words from the introduction to the end of conclusion.

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## **ABSTRACT**

The primary purpose of this paper is to find out the adherence to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh. The study is intended to allow Bangladeshi accounts to express their opinion on accounting ethics, compliance with the accounting code, and ethical dilemmas of an accountant' for the first time in Bangladesh. The research examines the concept and foundation of accounting ethics, accounting codes of ethics and Bangladesh's accounting ethics: current situation and code of conduct.

Accounting practitioners follow the IESBA Code of Ethics in their accounting profession under the accounting bodies ICAB and ICMAB in Bangladesh. A survey in the form of a questionnaire among the target audience was carried out to collect data for the study, which enabled to analysis and interpret the research object statistically with numbers. The result indicates that accountants' have a high awareness of the accounting legislation and code of ethics. However, ethical dilemmas and unlawful actions happen in the workplace. The thesis investigation concludes with practitioners' opinions on behaving ethically in the accounting profession.

Keywords: Accounting ethics, code of ethics, accounting ethics in Bangladesh, Bangladeshi accountant.

## **INTRODUCTION**

The twenty-first century has seen a surprising and discouraging number of accounting scandals, indicating a severe failure in the management supervision and reporting process, despite the Institute of Management Accountants' professional ethics standards (IMA). In response to these failures, companies critically observed the need to examine the relationship between the accounting role and the profession. Companies are reconsidering ethics in the accounting profession, with a greater focus on training and development to maintain ethical values and behaviour. As a result, professional ethics in general and accounting ethics in particular are gaining rapid significance worldwide. For a long time, the importance of ethical norms in accounting was unrecognised, and the profession was considered strictly technical. The growing number of accounting frauds and scandals has shifted the focus from the technical competence of accounting professionals to their ethical norms and perceptions, resulting in an increase in public interest in accounting ethics over the last few decades (Zhatkin et al. 2017, 2). It is very important that accounting is no longer considered a technical tool with no connection to ethics because the reliability of accountants' work depends entirely on their ability to adhere to professional ethical and behavioural standards, which should be treated as an ethical responsibility and maintained with high ethical standards. (Melé 2005)

Due to the sensitivity of a business's financial statements. It is a vital aspect of the auditor's and accountant's roles in preparing financial statements. Ethics refers to morals or a code of conduct that specifies criteria for determining right and wrong (Banerjee & Erçetin 2014). Ethical dilemmas are typical in the workplace and arise when a group or an individual must choose between two choices. The solution is not always straightforward. Managers, investors, and even small-business owners need to understand accounting ethics and their functions to prevent financial and legal complications caused by financial statement manipulation. (Jaijairam 2017)

The objective of the thesis is to find out the adherence to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh. The author developed a series of research questions to reach the aim:

Q1. How do Bangladeshi accountants follow current laws and regulations?

Q2. How do accountants in Bangladesh perceive the level of professional ethics and the application of the Code of Ethics?

Q3. Is there unethical behaviour, and with whom do accountants experience it?

Q4. Is there a pressure to behave unethically in accountants' jobs?

Q5. How do respondents believe they could be better prepared to behave ethically?

The topic's relevance consists of the growing number of accounting frauds and scandals. The review of scholars' works in the accounting ethics area revealed that, in most cases, it is not a technical fault that caused the problem but rather a failure to follow ethical principles. Providing answers to the abovementioned problem will require additional research to ascertain compliance with accounting professionals' ethical behaviour and challenges. To find out the issue, the author must complete a thorough preparation and research of the materials and the execution of the actual survey. The author followed a precise set of tasks to accomplish the research goal and the questions mentioned above:

- Explain the terms "business ethics" and "accounting ethics.",
- Conduct research into the regulatory framework governing accounting ethics,
- Accounting ethics in Bangladesh - current situation and code of conduct,
- Surveying among the target audience for collecting the research data and,
- Analyzing the online survey to conclude the adherence to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh.

The novelty of this study is that accountants, for the very first time, will get a chance to express their opinion on accounting ethics in Bangladesh. Inspirations and ideas for this topic were partially taken from several academic studies such as "Ethics: some views from young professional accountants" and "Addressing Ethical matters in Ukrainian accounting practice."

The target audience for this study is professional accountants in private and public organisations. The quantitative methods will be followed to carry out the research problem. For the purpose of collecting research data, surveys are conducted among the target audience.

The structure of the thesis mainly consists of two chapters. Each chapter is comprised of several levels of heading. The first chapter begins with essential terms and definitions of accounting and business ethics—further, the accounting codes of ethics and accounting ethical responsibilities. The chapter is finished by explaining the accounting ethics in Bangladesh – the current situation, and the code of conduct. The second chapter is outlined with the survey method and data collection process. The analysis of the results follows that. Finally, the chapter concludes with an overview of the survey's findings, main outputs, and writer recommendations.

# **1. THEORETICAL BACKGROUND OF ACCOUNTING ETHICS**

This chapter includes the theoretical framework of the research topic by providing opinions, comparisons, synthesis, and contradistinction of different authors. It also includes the overview, main terms, and definitions of accounting ethics, accounting codes of ethics, and the current situation of professional accounting ethics in Bangladesh.

## **1.1. Concept and foundation of business ethics**

Ethics is one of the sections of philosophy. The word "ethics" originates from the Greek word ethos (character) and the Latin word mores (customs). Together, they define how individuals choose to interact with each other. Ethics is the study of morals. It is concerned with the moral aspects of man's behaviour. Nowadays, philosophers split ethical theories into three broad subject areas, meta-ethics, normative ethics, and applied ethics (Aung, Oo 2020). Normative ethics studies-How should people act? Meta-ethics is that studies-What does the right event mean? Moreover, applied ethics examines the problem-How do we take moral knowledge into practice?

Business Ethics is a new branch of Ethics, especially applied ethics. The concept of business ethics is interpreted in various ways by different individuals. Unfortunately, there is no one theoretical foundation on which all agree, especially in definitions. For example, there is no regional or international clarity on what the word "business ethics" entails. Ethics, according to Encyclopedia of Philosophy, Volume 3, refers to (1) a general pattern or 'style of life,' (2) standards of conduct, or moral code,' and (3) an examination into how people live and the rules they follow. (Lewis 1985)

As proof of that, Lewis found that business experts and practitioners struggled to agree on the definition of ethics. He also mentioned there was no single theoretical explanation that everyone would agree with and accept worldwide. Lewis sent out a survey to managers and employees, asking them to describe business ethics. He established a link between the accessible definitions of corporate ethics in literature and the survey data. The content analysis allowed him to synthesize



the most frequent words. According to Lewis' study, 'business ethics' is rules, standards, codes, or principles that provide guidelines for morally right behaviour and truthfulness in specific situations.

He explained the primary concept of this definition:

- Rules, standards-codes, or principles -moral guidelines that, if followed, will prevent unethical behaviour.
- Morally right behaviour - individual actions in accord with fact, reason, or truth that conform to justice, law, and standard
- Truthfulness - refers to actions that are consistent with the facts.
- Specific situations- in which a person's moral predicament necessitates a moral judgment.

In addition to these four concepts, Lewis presented a list of twelve crucial phrases for defining business ethics in his study, demonstrating how difficult it is to define 'business ethics' in a single statement.

Contemporary ethical researchers have been trying to provide clarity on the topic. According to Baumhart (1961), corporate leaders do not really suggest how to interpret business ethics. Schuette (1965) referred to Lewis (1985) as uncertainty about what corporate ethics entails among entrepreneurs, government, and religion and disparities in the practice and expressed ethics. According to Steiner, Steiner (2012), there is no commonly recognised concept of ethics in business.

Carter McNamara (2010) has defined business ethics as generally knowing what is right or wrong in the workplace and doing what is correct regarding the effects of products, services, and relationships with stakeholders. Attention to ethics in the workplace sensitises managers and staff to retain a solid moral compass. Consequently, business ethics can be reliable preventive medicine. Bhatia (2003) Managing a company's activities is also a part of business ethics. It can be described as an attempt to determine a business professional's responsibilities and ethical obligations. Hence the focus is on how individuals should conduct themselves in fulfilling the ethical requirements of Business.

McNamara further states that; —Business ethics has come to be considered a management discipline, especially since the birth of the social responsibility of Business. The Business is responsible for improving society, e.g., environmental protection, equal rights, public health, and improving education (Bhatia 2003). Business ethics is a system of moral principles applied in the commercial world. Business ethics provide guidelines for acceptable behaviours by organisations in both their strategy formulation and day-to-day operations. Business ethics may be known as morality in Business.

Wicks (2010) referenced in Zhatkin et al. (2017) takes a slightly different approach, focusing on corporate ethics via the lens of three moral dimensions - "the actions," "the agents," and "the ends." The first component denotes "the actions" people take to accomplish their goals. Each business transaction begins with an activity and may include a series of acts. The term "agents" refers to the individuals who act in a particular scenario. Finally, "the ends" refer to the actions' accomplished outcomes or the effects they cause for the parties.

The author believes Business ethics is concerned with ethical dilemmas or controversial topics that a business may encounter. Often, business ethics comprise a set of policies and procedures that contribute to the consumer's trust. On the one hand, certain corporate ethics are established in law, such as the minimum wage, limitations on insider trading, and environmental rules. On the other hand, managerial behaviour can significantly impact corporate ethics, with wide-ranging effects throughout the organisation. Business ethics is divided into distinct areas of study. One aspect of it is concerned with accountants' professional ethics, which is discussed in detail in the following sections.

## **1.2. Accounting Ethics**

### **1.2.1. Defining ethics within the accounting**

Accounting ethics is primarily known as applied ethics, and it focuses on human and corporate ethics, judgments, moral principles, and application in accountancy more than any other type of ethics. In general, the primary ethical drivers of accounting are acceptable practice and the maintenance of a high level of professional competence. According to Micewski, Troy (2006), ethical responsibility in the business world does not exist in isolation but rather exists within the specific context of ethical behaviour in the workplace. A majority of companies around the world

have included ethical considerations into their accounting processes, increasing the likelihood of a conflict of interest occurring. Breaking ethical principles in corporate finance practice, whether by financial misrepresentations or other means, usually negatively impacts an organisation's reputation, customer satisfaction levels, and investor confidence in the company.

Ethics, according to Man, Ciurea (2016), could be related to moral ideals and norms that guide professional accountants in ensuring accounting quality and reporting financial accounts that are "honest and fair" [3,] in the field of accounting and the accounting profession. Studies have also suggested that the main goal of accounting and auditing is to present stakeholders with an accurate and fair financial picture of the organisation. According to Luca Pacioli, who is also known as the "Father of Accounting," in his book, "Summa de arithmetica, geometria, proportionibus, et proportionalitate", the code of ethics has a strong relationship with the profession of accounting (Sepasi 2019). The fundamental principle of ethics associated with the accounting profession covers professional integrity, confidentiality, and professional behaviour and competency. Additionally, the International Federation of Accountants (IFAC) has recognised the importance of these ethical principles in the accounting profession and has stated that the association of ethics with the accounting profession fulfils the interests of individual clients and acts in the public interest (Mohammed, Al-Aidaros 2012). It is also necessary to address the problem of accounting problems and financial fraud because they have resulted in significant financial losses for countries around the world.

The role of accountants in the timely and precise preparation of financial statements is well recognised by investors, managers, and other senior management authorities, who rely on these reports to make important business decisions. Adherence to accounting ethics is also beneficial in ensuring that internal control systems are in compliance with industry norms. In order to do so, accountants can discover and measure resource wasting in a company and investigate and execute roles that can improve policy creation and fraud identification in the company (Elias 2002). Non-ethical acts not only damage an individual's reputation and credibility, but they also harm a company's reputation and credibility, raising the chance of illegal activity, which could result in a fall in profit levels (Sims 2003).

### **1.2.2. Ethics and the code of conduct**

Luca Pacioli, the "Father of Accounting," wrote about accounting ethics in his 1494 book "Summa de arithmetica, geometria, proportioni, et proportionalita." Different groups of professionals and independent organizations have developed ethical codes and standards. These groups prompted accountants to adhere to various standards and codes of conduct to carry out their responsibilities in a professional manner and in a professional work environment (Gowthorpe, Blake 2005). Accountants must adhere to the professional code of ethics. In the United States, the American Association of Public Accountants (AAPA) was founded in 1887; it was the first move toward professional accounting in the United States. By 1905, the AAPA had developed its first ethical guidelines through the education of its members. In October 1907, during its twentieth bicentennial session, ethics was a vital issue of discussion among its members. As a result, the organisation's by-laws included a list of professional ethics. However, because membership in the group was voluntary, the association was powerless to compel members to adopt the recommended behaviours. Throughout its history, the AAPA was renamed multiple times until becoming the American Institute of Certified Public Accountants (AICPA) as it is known today. They expanded five categories of ethical principles that members should adhere to: "independence, integrity, and objectivity," "competence and technical standards," "obligations to clients," "duties to colleagues," and "other responsibilities and practices." Each of these divisions established standards for how a Certified Public Accountant (CPA) should conduct itself professionally. Failure to adhere to the requirements may have resulted in an accountant being banned from practising. The AICPA evaluated how the profession would be perceived outside the accounting industry while formulating the ethical guidelines (Sepasi 2019).

Accounting ethics is an essential topic because accountants are the only people who have access to the information presented in the three Financial Statements (the income statement, the balance sheet, and the statement of cash flows). These three statements are interconnected. Accounting ethics is mainly an applied ethics area. It is a branch of business and human ethics that studies moral standards and judgments as they apply to account: an example of professional ethics. Luca Pacioli pioneered accounting, which spawned several groupings, professional organisations, and independent associations (Bennett et al. 2006). Accounting ethics is taught in curriculums at universities and by organisations that train accountants and auditors. The nature of accountants' and auditors' jobs necessitates a high level of ethics. The financial statements users, shareholders, and other investors rely largely on a company's yearly financial statements to make intelligent

investment decisions. They rely on the accountants who created the financial statements and the auditors who validated them to offer an accurate and fair view of the organisation (Johnsson, Kihlstedt 2005). Proper understanding of ethics can help accountants and auditors overcome ethical difficulties, enabling them to make the right decision for the benefit of the public who rely on the accountant or auditor's reporting.

Ethics and ethical behaviour are more concerned with general concepts such as honesty, integrity, and morality. The code of professional behaviour, on the other hand, is a precise set of norms established by the regulatory organisations. While the laws established by different entities globally are unique, many rules are universal (Cowton, Haase 2008). Independence is a crucial rule established by professional accounting organisations. The auditors must be neutral and free of bias toward any relationships with the client, as this could affect their judgment and affect the audit's overall outcome. There are two types of independence: factual independence refers to the fact that the auditors do not hold any shares or other investments in the client firm, which is usually self-evident. In order to resolve a potential conflict of interest, the reasonable observer's test is used—i.e., what would a reasonable observer say about the circumstance in which the auditors may have benefitted from their client relationship?(Ann et al. 2015) Additionally, professional accounting organisations have adopted the following rules: No contingent fees are permitted: For instance, audit fees that are calculated as a proportion of net income or as a percentage of a bank loan obtained integrity and due diligence are required: work must be appropriately completed, diligently, and promptly. Professional competence: must be competent, which includes possessing both the requisite academic credentials and related industry experience—the obligation to report a rule violation: the whistleblower rule (Sepasi 2019b). If a CPA becomes aware that an affiliated CPA is violating any of these rules, they have an obligation to report it. Confidentiality: must not disclose any information about the client to third parties.

### **1.3. Accounting codes of ethics**

The ethical code of conduct includes the moral values, principles, and standards that accountants should possess. Numerous accounting organisations and associations have been founded worldwide with the primary goal of guiding their members' behaviour. A few of them are the American Institute of Certified Public Accountants (AICPA), the International Federation of Accountants (IFAC), the Institute of Management Accountants (IMA), the Institute of Certified Accountants of Ontario (ICAO), and the Institute of Chartered Accountants in England and Wales (ICAEW). Among them, the AICPA's and IFAC's ethical standards of conduct are the two primary rules that most countries use to instruct their members on how to handle accounting information ethically (Mohammed, Al-Aidaros 2012). While the AICPA's ethical code of conduct was designed exclusively for the United States of America, the IFAC's ethical code of conduct was developed, taking into account the diverse ethical code of conduct practices in other countries. (Mohammed, Al-Aidaros 2012)

The first and most comprehensive ethical code of conduct for accountants was established and published by the American Institute of Certified Public Accountants (AICPA) (Brown et al. 2007). The AICPA was established in 1887 in the United States of America, and its first code was adopted in 1893. That code addressed the issue of indiscriminate soliciting, which accountants saw as unethical (AICPA Code, 2014). The code was amended in 1907 to include a section on "Professional Ethics." While the AICPA worked to build and preserve professional ethics, it could not enforce the regulations because any government sector did not recognise the AICPA. In 1916, the American government reorganised the AICPA as the accounting profession for accountants in the United States. The AICPA introduced eight new principles of conduct to the code in 1917 to safeguard the public. In 1947, the code of conduct had 16 principles: Ten to foster public confidence and Six to preserve ordered relationships among AICPA members. In 1967, the AICPA established a special committee to study the code in light of the published codes of accounting societies worldwide and the ethical standards applicable to significant professions in the United States. The group recommended the formation of a new code of principles and norms. Since that time, the code has been divided into these two major sections. (AICPA Code of Professional Conduct 2022; Al-Aidaros et al. 2015)

On the other hand, the International Federation of Accountants (IFAC) is a global organisation comprising 157 accounting organisations representing 123 countries and jurisdictions. The International Federation of Accountants (IFAC) creates and promotes high-quality international accounting standards and enables collaboration and cooperation among its member organisations. The IFAC maintains an independent standard-setting body, the International Ethics Standards Board for Accountants (IESBA). The IESBA recently implemented a Professional Accountants Code of Ethics (2021 Handbook of the IESBA | IFAC, n.d.) and developed ethical standards and guidance for all professional accountants through a collaborative standard-setting process that includes the Public Interest Review Board that oversees the IESBA's activities (Hyvätti 2019). The IESBA Consultative Advisory Group provides input on developing the code from the public interest. Certain jurisdictions may have additional standards and guidelines not included in the IFAC Code. Unless banned by law or regulation, professional accountants in those jurisdictions are obligated to adhere to the more stringent requirements and guidance. (Spalding, Oddo 2011)

The code has three parts. Part A lays out fundamental principles of ethics for professional accountants. It also gives a conceptual framework that professional accountants shall apply to:

- Find things that could make it hard for people to follow the basic rules.
- Find something that could make it hard for people to follow the basic rules.
- Use safety measures to eliminate or reduce threats.

Safeguards are required when the professional accountant determines that the threats are not at a level where a reasonable and educated third party would conclude that compliance with the fundamental principles is not compromised.

Part B and C of the code show how the conceptual framework works in different situations. They give examples of safeguards that might be done to protect against threats to the basic principles. They also talk about situations where there are no safeguards to protect against the threats, so the situation or relationship that is causing them should be avoided at all costs. Part B is for professional accountants who work in public. Part C is for accountants who work for businesses. Part C may also apply to professional accountants in public practice.

Table 1. Summary of AICPA Ethical Codes of Conduct

NAME OF ORGANIZATION	ETHICAL CODES OF CONDUCT	
	principles	rules
The American Institute Of Certified Public Accountants (AICPA)	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Public interest</li> <li>• Objectivity and independence</li> <li>• Professional responsibilities</li> <li>• Due care</li> <li>• Scope and nature of services</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Objectivity</li> <li>• Independence</li> <li>• General standards</li> <li>• Accounting standards</li> <li>• Compliance with standards</li> <li>• Responsibility to clients (contingent fees)</li> <li>• Responsibility to colleagues</li> <li>• Other responsibilities (discreditable acts)</li> <li>• Responsibility to clients (confidentiality)</li> <li>• Other responsibilities (commission and referral fees)</li> <li>• Other responsibilities (advertising and solicitation)</li> <li>• Other responsibilities (names and forms of organization)</li> <li>• Conflict of interest</li> </ul>

Source: Mohammed, Al-Aidaros (2012, 67)

The two leading accounting organisations that have a significant influence internationally are the American Institute of Certified Public Accountants (AICPA) and the International Federation of Accountants (IFAC). Although various accounting organisations have accepted the AICPA ethical code of conduct, IFAC was established to serve as an international framework for all accountants globally. That might be because, in the 1890s, the AICPA produced the first fundamental ethical guidelines for professional accountants. The AICPA and IFAC ethical codes of conduct's fundamental goal is to advise accountants on how to react and respond to any ethical situation. The requirements for accountants in business, for both AICPA and IFAC, are almost the same even though specific IFAC rules are more comprehensive than AICPA's, specifically in the issues of incentives and acting with adequate expertise. (Ibid., 76 )



Table 2. Summary of IESBA Ethical Codes of Conduct

NAME OF ORGANIZATION	ETHICAL CODES OF CONDUCT	
	principles	rules
International Federation of Accountants (IFAC)	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Objectivity</li> <li>• Professional behavior</li> <li>• Professional competence and due care and</li> <li>• Confidentiality</li> <li>• Technical standards.</li> </ul>	<p>Rules in public practice:</p> <ul style="list-style-type: none"> <li>• Professional appointment</li> <li>• Fees and other types of remuneration</li> <li>• Conflicts of interest</li> <li>• Second opinions</li> <li>• Objectivity—all services</li> <li>• Marketing professional services</li> <li>• Custody of clients assets</li> <li>• Independence—assurance engagements</li> <li>• Gifts and hospitality</li> </ul> <p>Rules in business:</p> <ul style="list-style-type: none"> <li>• Preparation and reporting of information</li> <li>• Potential conflicts</li> <li>• Acting with sufficient expertise</li> <li>• Financial interests and</li> <li>• Inducements</li> </ul>

Source: Mohammed, Al-Aidaros (2012, 68)

Even though there are some differences in the ethics codes foundation in different countries, they follow the exact purpose of reassuring a high level of professional ethics in accounting. Criticism of one code over another does not make sense because of local specifications, which affect the development of those codes (Zhatkin et al. 2017). In the author's view, a genuinely practical, relevant, and helpful code of ethics for professional accountants will require a careful articulation of those virtues or qualities that characterize an ethical accountant or accounting firm.

#### **1.4. Accounting ethics in Bangladesh-current situation and code of conduct**

Bangladesh was formerly known as East Pakistan. When East Pakistan was liberated from Pakistan during the Liberation War in 1971, it became an independent country known as Bangladesh.

Following independence, Bangladesh experienced numerous challenges and difficulties due to a shortage of Bengali accountants. As a result, the Bangladesh government formed a committee and named 18 chartered accountants to address the issues. Bangladesh Parliament made a few revisions to "Companies Act 1913" and passed the "Companies Act 1994". The Institute of Chartered Accountants of Bangladesh (ICAB), the country's national professional accounting body, was established in 1972 by the Bangladesh Chartered Accountant Order 1973. After a few years, in 1977, the national organization of professional cost and management accountants in Bangladesh (ICMAB) began its mission of regulating and promoting the cost and management accountant profession in Bangladesh (Islam 2019). These two professional bodies regulate the Accounting and auditing profession in Bangladesh: The Institute of Chartered Accountants of Bangladesh (ICAB), and The Institute of Cost and Management Accounts of Bangladesh (ICMAB).

The Institute of Chartered Accountants of Bangladesh (ICAB) is the only body that sets accounting standards in Bangladesh. ICAB was founded in 1972. Under the Bangladesh Chartered Accountants Order of 1973, the ICAB is the regulator of accountants and auditors. The ICAB is the only organization that provides professional accounting training to accountants. According to the Businesses and Finance Act and Securities and Exchange Commission (SEC) Rules of 1987, all financial statements of publicly traded companies must be audited by a listed audit firm that is also a member of ICAB (Islam 2019). The auditing field is growing in Bangladesh. Ahmed (2006) says that "Every day, the need for qualified auditors in Bangladesh has grown, especially in the textile industry. Companies in Bangladesh have their internal audit department run by professional auditors". As of 2022, there are 1700 ICAB members, 1419 live in Bangladesh, and the remaining live elsewhere. Out of the 1538 members of ICAB, 366 practice as public accountants, while the remaining 1217 work in private 29 organizations or different critical positions in government, both at home and abroad. Since 1983, the Institute of Chartered Accountants of Bangladesh has been working on adopting international accounting standards, and to date, 14 International Accounting Standards have been implemented (IASs). However, in the absence of recognition of accounting services as being beneficial to economic development, the accounting profession in Bangladesh proceeded with an unsuccessful attempt of standardizing accounting methods as a matter of self-regulation (Rashid, H. M. 1990; Islam, 2019).

The ICMAB was founded in 1977. In 1980, the Cost and Management Accountants of Bangladesh set rules for ICMAB. It is a job of ICMAB, a professional group, to help Bangladesh's accounting and finance field. Only cost and management accounting are taught at ICMAB. ICMAB is run by a council that has been set up. There are 12 members on the council. Each ICMAB member and four Bangladeshi government nominees vote for 12 people to be part of the group. The role of the ICMAB in Bangladesh's accounting profession (Ahmed, Fca 2006):

- ICMAB is trying to promote and regulate the Cost and Management Accounting field to make a significant contribution to economic growth.
- They ensure that the cost and management accounting profession is regulated according to global standards.
- ICMAB's goal is to help Bangladesh grow its human and natural resources so everyone can be happy.

Professional accountants in Bangladesh adhere to the IESBA Code of Ethics while practicing accounting. The Financial Reporting Act of 2015 enables the Financial Reporting Council to develop a Code of Ethics for all professional accountants in Bangladesh once it is established. Both ICAB and ICMAB are responsible for establishing ethical standards for their respective members. ICAB has approved the 2013 IESBA Code of Ethics for its members' use and is currently studying the 2016 IESBA Code of Ethics for adoption. ICMAB, on the other hand, states that it has produced a Code of Ethics for its members that is based after the 2012 IESBA Code of Ethics. (*Bangladesh | IFAC*, n.d.) with following main principles:

### 1. Independence and Objectivity

In the accounting profession, ethics and independence go hand in hand. Making objective decisions and recommendations in the client's best interest is vital for trust. For instance, conflicts of interest require compliance with independence standards. Profiting from the sale of one financial product over another may result in a bias in the financial advice provided to a client. It is also essential to ensure that external factors do not influence recommendations to maintain objectivity and independence. An accountant's professional judgment is compromised when they defer to the judgment. (UWF 2017)

### 2. Integrity

Integrity entails being forthright and honest in all commercial and professional relationships. To maintain integrity, accountants must avoid associating with the information they feel is materially inaccurate or misleading — or that misleads via omission.

### 3. Confidentiality

Without express consent, an accounting expert's disclosure of financial information or disclosure of the disposition of a potential merger undermines the trust that supports a professional relationship – unless there is a legal or professional justification to do so.

### 4. Competence Professional

Professional accountants must stay current with changing technology, law, and best practices. To exercise sound judgment, an accountant must remain informed of developments that may affect the outcome of a decision. Due care entails recognizing one's competence level and refraining from implying that one is an expert in a field that lacks experience. Consultation with other experts is a common courtesy that contributes to the cohesiveness and respect of a network of individuals. Accounting professionals who manage others must follow similar criteria. These accountants must guarantee that their employees receive enough training and supervision while doing their duties. (Ibid.)

### 5. Professional Conduct

Accounting professionals' ethics oblige them to adhere to the laws and regulations governing their areas and work bodies. Avoiding behaviors that could harm the profession's reputation is a legitimate expectation of business partners and others.

The Bangladesh Institute of Chartered Accountants has no direct supervision over those responsible for preparing yearly financial reports. Members of the ICAB are expected to adhere to all of the institute's accounting standards, regardless of the type or scale of the company they are auditing. The ICAB has attempted to exercise indirect control over its members who are subject to its disciplinary jurisdiction by requiring that they qualify yearly reports for compliance with the ICAB's accepted accounting standards. On the other hand, several members of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) are employed as accountants in various organizations around the country. Moreover, the ICMAB is a member of the IASC. The ICAB never invited the ICMAB to participate in the standard-setting and implementation processes.

Rather than that, the ICAB usually considers the ICMAB a rival body and fails to adequately engage in the adoption and implementation of national accounting standards. This 'negative attitude' on the part of the ICAB is highly harmful to ensuring the enforcement and compliance of national accounting standards in Bangladesh.(Hossain et al. n.d.) It is essential to collaborate and synchronize professional bodies, the ICAB and the ICMAB, to ensure the adhere and sound practice of the accounting profession in Bangladesh.

## **1.5. Accounting Ethics in the changing world**

Accounting has changed a lot over the years. The last significant change was the development of double-entry bookkeeping over 500 years ago. Information and communications technology (ICT) has revolutionized numerous industries in the twenty-first century. Accounting is moving away from the old ways of entering and preparing accounting books and toward automation. During the 21st century, accounting is one of the industries getting much attention. Accounting automation looks at the whole accounting process, not just as a part of a company's financial management department. Because of this, the accounting process relies less on human input and relies more on computer software to record, manipulate, and analyze transactional data. "Robotic Process Automation (RPA)" is used to do accounting today. AIIM (2018) says that robotic process automation (RPA) is a term that refers to software tools that automate some or all of the tasks that humans do that are repetitive, manual, and rule-based. (Nnenna Chukwuani et al. 2020)

There is already a well-established framework in place when it comes to ethics within the accountancy profession. The International Ethics Standards Board for Accountants (IESBA) has amended and reorganized its Professional Accountants Code. While the IESBA Code is not written explicitly for management accountants and finance professionals, it applies to people in the private sector, like accountants and auditors who work for the government. IESBA members met in New York City in March 2019 to talk about the new Code changes and other ethical issues that might need to be changed in the future. The changes to the IESBA Code are that technology changed quickly after the financial crisis, causing many problems for the accounting profession. (Butcher 2019)

As new technologies and techniques are added to the field of accounting, it can be easy to get lost in a sea of ethical dilemmas. As accountants start to use more technology, like AI, these new issues give them a chance to strengthen and reinvigorate the way they think about their work. The profession could better explain its vision for the future and how AI and other new technologies could help it deliver better social value if more attention was paid to ethical goals. Using new data in new ways may require accountants to be more aware of the ethical implications and think about the risks of bias in their algorithms. That could lead to new discussions and engagement on ethics in accounting. (New Technologies, Ethics, and Accountability 2019) However, by consistently integrating the Code of ethics into the accounting profession, an accountant can face changes to the profession, knowing an accountant will be able to continue to make ethical decisions.

## **2. RESEARCH METHODOLOGY AND FINDINGS**

This chapter starts with a discussion on data collection and data analysis methods. The methodology part includes the introduction of the research object, the sample, questionnaire design, and their justification of choice. The empirical part focuses on presenting the survey results, discussing them, drawing conclusions, and making recommendations based on the findings.

### **2.1. Methodology**

The objective of the thesis is to find out the adherence to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh. The goal was to reach a large group of accountants to get accountants' opinions and attitudes towards accounting ethics and the ethical issues they face while practising accounting in Bangladesh. The author applied a quantitative research method by developing a questionnaire that allows to analyze and summarise the object of the research statistically with numbers and is ideal for a large number of individuals. The authors conducted a questionnaire survey among the intended audience, which consisted of both private and public sector accountants. The questionnaire is the best alternative option for getting sufficient data for this study because it can be sent to large groups of people and ask a diverse number of questions. The author refers to the thesis methodology that was developed by (Zhatkin et al. 2017) in “Addressing ethical matters in Ukrainian accounting practice”.

The author arranged an online questionnaire, and a questionnaire is a technique to collect quantitative data through a survey on a particular topic, which was shared among Bangladeshi accountants. The questionnaire is an excellent way to collect the data because the more significant the sample size, the more information, and the more realistic result (Hyvätti 2019). A total of 24 multiple-choice questions were included in the questionnaire (Appendix 1). This questionnaire used several questions from the research of (Zhatkin et al. 2017) with the writer's permission. The author has pre-prepared numbered response options, and the participant selects the answer option that most accurately expresses their opinion. There were two different multiple-choice

question types: 18 single choice questions where the respondent was asked to choose one option from the list and the rest three questions were checkboxes where they could choose one more option. There are also three linear choice questions that the respondent was asked to rate on a scale of 1 to 5.

The questionnaire consisted of 5 different sections. First, respondents were asked about their background information, their attitude toward accounting law and accounting ethics, and their experience of ethical dilemmas at the workplace. In the fourth section, the pressure of behaving ethically in their job, and finally, how the respondents experience accounting ethics and their opinion on adherence to ethical accounting practice. The target audience for this research was professional accountants. Respondents consisted of professional accountants in different positions. Auditors were omitted from this survey because the professions of accountant and auditor intersect; an accountant prepares the accounting records and financial statements, whereas an auditor is generally responsible for reviewing the accountant's work. (Danielle 2020) In reality, the two professions are closely linked, but auditors are responsible for reviewing the accounting firm's post-facto work. Any professional accountant may encounter ethical challenges while recording transactions and preparing reports, even before the auditor has been on the scene. (Zhatkin et al. 2017) Another thing to note is that students were not a part of the target audience because the study looked at accounting ethics from the perspective of professional accountants. The results might have been different if students had been included in the target group.

The language for the questionnaire was English and the target group was only the Bangladeshi accountants. The questions were the same for all the participants. The questionnaire was compiled through the online survey platform "Google form." In order to reassure that the questionnaire will be understandable to the audience, the author did a pilot run. For testing, five persons were selected: two chief accountants, two accountants, and an accountant assistant from different companies. Upon completion of testing, minor changes were made to the wording of some questions. Additionally, the questionnaire structure was reorganized for simplicity and ease of navigation.

The survey form was distributed through social media platforms such as Facebook groups, LinkedIn groups, professional accountant groups and communities, and personal emailing among different accounting firms. In Bangladesh, two social networks are most commonly used – Facebook and LinkedIn. The author contacted the admins of the professional communities and



agreed-upon posting about the ongoing survey. Below is the overview of groups where the author posted an announcement regarding the survey:

1. ICAB - The Institute of Chartered Accountants of Bangladesh (Un-Official)
2. CMA Community (ICMAB)
3. Accounting Association of Bangladesh (AAB)
4. CA in Bangladesh (Study Group)
5. ACCA Bangladesh

The survey was live for 29 days, from the 2nd of March 2022 to the 31st of March 2022. Respondents stayed anonymous, which gave them the freedom to express their opinions without any judgment.

## **2.2. Analysis of the results**

The author divided the analysis into five sections based on the research questions. Sections provide survey results for various research questions, making it easier to relate the results to the research problem.

### **2.2.1. Demographic data analysis**

In order to proceed with the analysis of key survey findings, it is necessary to have a good grasp of the respondents' profiles. Professional accountants were the intended audience. Table 3 summarizes the respondents' demographic characteristics. The study needs to see the professional accountants' backgrounds, including their work experience, education, and job position. An analysis of the respondents is provided in the sections below.

Table 3. The demographic data of respondents

ATTRIBUTES	NO OF THE RESPONSES	PERCENTAGE OF RESPONSES
<b>Position:</b>		
Chief Accountant	106	49.3%
Accountant	68	31.6%
Other	41	19.1%
Total	215	100%
<b>Education:</b>		
Bachelor's degree	36	16.7%
Master's degree	168	78.1%
PhD	9	4.2%
Other	2	1%
Total	215	100%
<b>Age:</b>		
≤25	20	9.3%
26-35	50	23.3%
36-45	103	47.9%
≥46	42	19.5%
Total	215	100%
<b>Entity type:</b>		
Private sector company	124	57.7%
Public sector/Govt. Organization	70	32.6%
Self-employment	21	9.8%
Total	215	100%
<b>Experience:</b>		
Less than 1 year	12	5.6%
1 - 3 years	31	14.4%
4 - 6 years	54	25.1%
7 - 10 years	77	35.8%
More than 10 years	41	19.1%
Total	215	100%

Source: Prepared by the author

Table 3. represents the distribution of the respondents. In total, the survey was answered by 215 respondents. All the respondents were working in the field of accounting. For the study's author, this was a favourable result because all the responses showed the accountant's opinion, which was one of the goals of this study. The analysis illustrates that there is apparent diversity in the total of 215 respondents in terms of positions. Chief accountants submitted one hundred six responses (49.3 percent), and accountants submitted 68 responses (31.6 percent). A total of 215

responses were received. Respondents who were both accountants and chief accountants made up 81 percent of the total, which is close to an absolute majority of the total survey volume. The remaining 41 responses accounted for only 19 percent of the total number of responses. Answers were submitted by various other professionals, including accounting assistants, financiers, financial officers, and chief executive officers. These occupations are associated with the professional lives of accountants; their responses were taken into consideration and classified as "Other."

In terms of education, most responders hold graduate degrees. As a result, 78% have a Master's degree, and 4.2% have a PhD in a related discipline, for 82.2 per cent of practitioners who have finished higher education. Around 16.7% of responses were for a Bachelor's degree, and 1% were for other professional or technical education that could not be classified into the previously specified levels.

The respondents' age analysis reveals that the largest group was 36 to 45, with 103 responses (or 47.9 per cent). The second large group was those aged 26 to 35, who accounted for 23.3 per cent of the survey's volume. Around 20% of responders were 46 years or older. The proportion of young people aged 25 was relatively low, with 20 responses or 9.3 per cent. One reason for this could be that by the time they reach the age of 25, many young people have completed their Master's degrees but have not yet begun their professions. (Zhatkin et al. 2017)

The entity types section describes the difference between private, public, and self-employment. Thus, 124, or 57.7 per cent of respondents, work in a private organization in this research sample, whereas 70 respondents, or 32.6 per cent, work for a public organization, and 21 people, or 9.8 per cent, belong to self-employment.

The experience figures show that the highest numbers of 77 respondents have work experience between seven and ten years. There is a correlation between the second large group of respondents aged and the second experienced group; both are slightly more or less than 25% of total respondents. They have work experience from 4 to 6 years, 19.1% have work experience of more than ten years, 14.4% have work experience from 1 to 3 years, and 5.6% have a work experience under one year.

Based on the demographic analysis of data and research, we can conclude that 81% of answers come directly from the accounting profession, whether they are chief accountants or accountants. Regarding education, 78 % have a Master's degree, and 4.2% have a PhD in a related discipline,

for 82.2 per cent of practitioners who have finished higher education. A sufficient amount of respondents were collected from both the private and public organizations, 58% and 38%, respectively. Four-fifth of the respondents had more than four years of experience in the field of accounting; among them, 36% were more than seven years of experience.

### 2.2.2. Ensuring compliance with accounting regulations

To determine how well accountants adhere to Bangladesh's accounting laws and regulations, Accounting practitioners asked a set of multiple-choice (single answer) questions. These three questions aimed to determine accountants' awareness of the current laws and regulations and how they act to fulfil the norms. What is considered to be ethical behaviour? Can it vary from person to person or from organization to organization, and do they understand ethical behaviour in the same way as their company. The section also shows how accountants in Bangladesh follow current laws and regulations in their work. The results are divided between different positions to identify the differences and similarities.

Table 4. Respondents answer to the question "Do you always follow current standards, laws, and regulations in your professional accountancy?"

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	89	85%	17	15%	106
Accountant	59	87%	9	13%	68
Other	30	72%	11	27%	41
<b>Total</b>	<b>178</b>	<b>83%</b>	<b>37</b>	<b>17%</b>	<b>215</b>
<b>Entity type:</b>					
Private sector company	107	86%	17	14%	124
Public/Govt. sector	54	86%	16	14%	70
Self-employment	18	77%	3	23%	21
<b>Total</b>	<b>179</b>	<b>83%</b>	<b>36</b>	<b>17%</b>	<b>215</b>

Source: Prepared by the author

Table 4. illustrates the compliance of accounting standards and regulations with the accounting profession from position and entity type. Overall, 83% of respondents followed current

standards, laws, and regulations, while 17% were not. In terms of position, Accountant obedience with current regulations is slightly higher than Chief accountant, which is 87% versus 85%. Accountants were the largest group familiar with the accounting laws and regulations, with 87% of them answering “yes” to the question. In the other position, 73% of practitioners were familiar with accounting rules and regulations, whereas 17% did not obey current standards, laws, and regulations in professional accountancy. From the view of the Entity type, the adherence is equal in both the private and public sectors, demonstrating that 86% of respondents follow the rules in public organizations. In self-employment business, the adherence to standards was 77%, whereas non-compliance with current accounting standards was reported by 23% of respondents. In summary, compliance with rules and regulations was four times higher than non-compliance in both position and entity categories.

Table 5. Respondents answered to the question "Do you understand "Ethical Behavior" in the same way as your company/organization/accountancy firm?"

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	99	93%	7	7%	106
Accountant	55	81%	13	19%	68
Other	38	93%	3	7%	41
<b>Total</b>	<b>192</b>	<b>89%</b>	<b>23</b>	<b>11%</b>	<b>215</b>

Source: Prepared by the author

Table 5. indicates that 93% of the Chief accountants and other respondents believe in always having the same understanding of ethical behaviour in their workplace. For 81% of Accountant respondents, most of the time, understand ethical behaviour in the same way as their organization. However, ethical behaviour is not the same among 7% of chief accountants and other respondents. Also, 19% of accountants did not have ethical behaviour understood in the same way while practising the accounting profession.

The following figure (see Figure 1) shows the result of the question, "Is there a need to behave more ethically in your day-to-day job." Accounting practitioners learn about ethics and have their views and ideas about it. However, by asking this question, the author wanted to know if good ethical behaviour is sufficiently applied in day-to-day accounting practice?

The figure indicates that 87% of chief accountants indicate that either definitely, or in some situations, there is a need to behave more ethically in their day-to-day job. While the proportion of chief accountants believing this is not at all or not the case amounts to 4% and 9%, respectively. 73% of accountants answered the question either definitely, or in some situations, whereas 27% of accountants thought this is not at all or not really. Similarly, 60% of other respondents replied as either Yes, in some situations, or definitely. However, the percentage of other respondents believing that it is not at all or not really is 40%, which is slightly more than three times bigger than the chief accountants' responses.

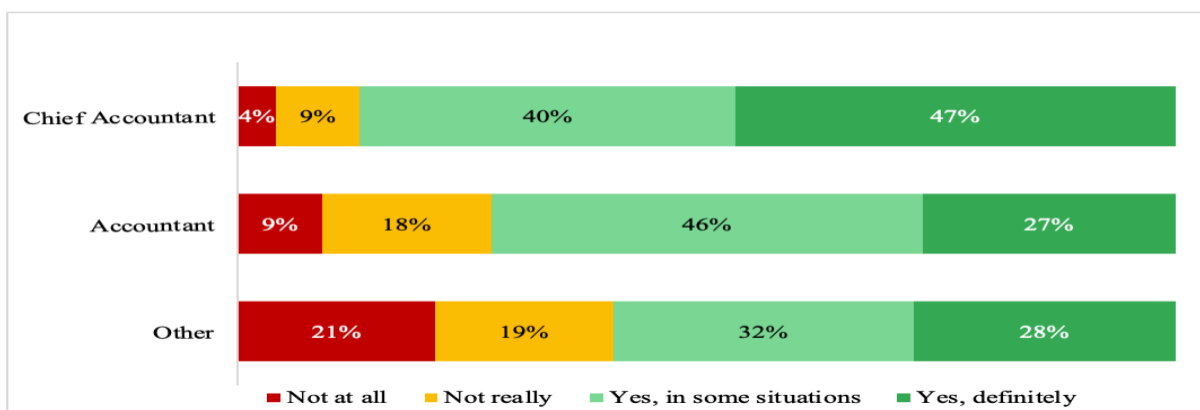


Figure 1. Respondents answers to the question "Is there a need to behave more ethically in your day-to-day job"

Source: Prepared by the author

The results of this section show that 83% of accounting professionals follow the current accounting standards, rules, and regulations. Interestingly, the compliance with regulations in both public and private organizations is 86%. In Bangladesh, 89% of accounting practitioners believe in always having the same understanding of ethical behaviour in their workplace. Surprisingly, 93% of Chief accountants and other respondents understand "Ethical Behavior" in the same way as their organization, and the percentage from accounts is also slightly more than 80%. Regarding the application of ethical behaviour sufficiently in day-to-day accounting

practitioners shows that 87% of chief accountants think that either definitely, or in some situations, there is a need to behave more ethically in their day-to-day job in Bangladesh.

### 2.2.3. Code of ethics for accounts- how is it perceived

This section looks at how respondents perceive the accounting code of ethics while practising accounting as a profession. Accounting practitioners can take the practical guidance in the form of, or be based on, a code of ethics. In Bangladesh, professional accountants follow the IESBA Code of Ethics for practising accounting which was mentioned in the first chapter of the thesis. The Code of Ethics for Professional Accountants from the International Ethics Standards Board for Accountants (IESBA) is the best-known code of ethics at an international level. (Ethics: Some Views from Young Professional Accountants - Accountancy Europe 2016)

The following figure (see Figure 2) indicates that almost 90% of Chief accountants and Accountants' respondents consider it essential for the profession to have a code of ethics. On the contrary, a nearly similar percentage of them ( 2% and 3%) answered no Likewise, roughly the same proportions (6% and 7% respectively) of Chief Accountants and Accountants did not have any opinion on the importance of the accounting profession to have a code of ethics. 70% of the other practitioners thought it is essential for the accountancy profession to have a code of ethics. However, only 5% of other practitioners said no, and 25% remained silent on whether the profession should have an ethical code.

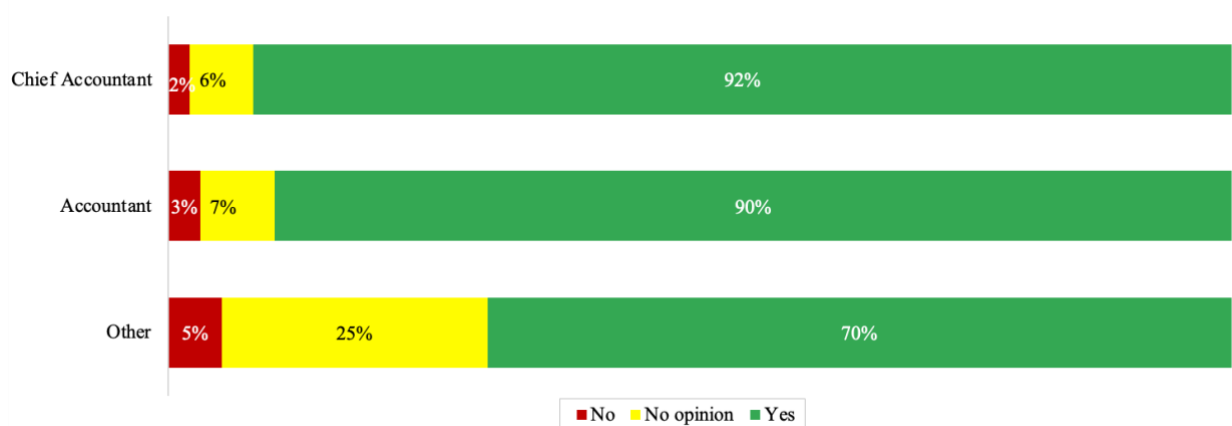


Figure 2. Respondents answered the question, "Is it important for the accountancy profession to have a code of ethics?"

Source: Prepared by the author

Table 6. The responses of respondents to the question "Do you know that the accountancy profession is governed by the International Code of Ethics from the International Ethics Standards Board for Accountants (IESBA)?"

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	62	91%	6	9%	68
Accountant	96	91%	10	9%	106
Other	32	78%	9	22%	41
<b>Total</b>	<b>190</b>	<b>88%</b>	<b>25</b>	<b>12%</b>	<b>215</b>

Source: Prepared by the author

Table 6 shows the proportion of awareness of the IESBA Code of Ethics for Professional Accountants. It is worth noting that Chief accountants and Accountants are significantly more aware of the IESBA Code than Other practitioners. Surprisingly, 91 per cent of both Chief accountants and Accountants are aware of the IESBA Code for accountants, whereas 9% are unaware that the IESBA Code of Ethics governs the profession. The result for the other practitioners is 32% aware and 22% unaware, respectively.

The following figure indicates that 76% of respondents totally agree with the statement that Professional ethics are important. 13% of accountants gave the first statement a "4" rating, while 3% gave it a "3". These responses indicate that approximately 16% of respondents view the importance of professional ethics as mediocre. Participants who disagreed with this statement and said that professional ethics were irrelevant made up 4% of the entire sample.

Similarly, 70% of practitioners believed that Knowledge of the Code is essential for the accounting profession. 18% of the total respondents rated the statement as "4". The statement strongly disagreed with (1) and was rated (2) by the same percentage of accounting professionals.



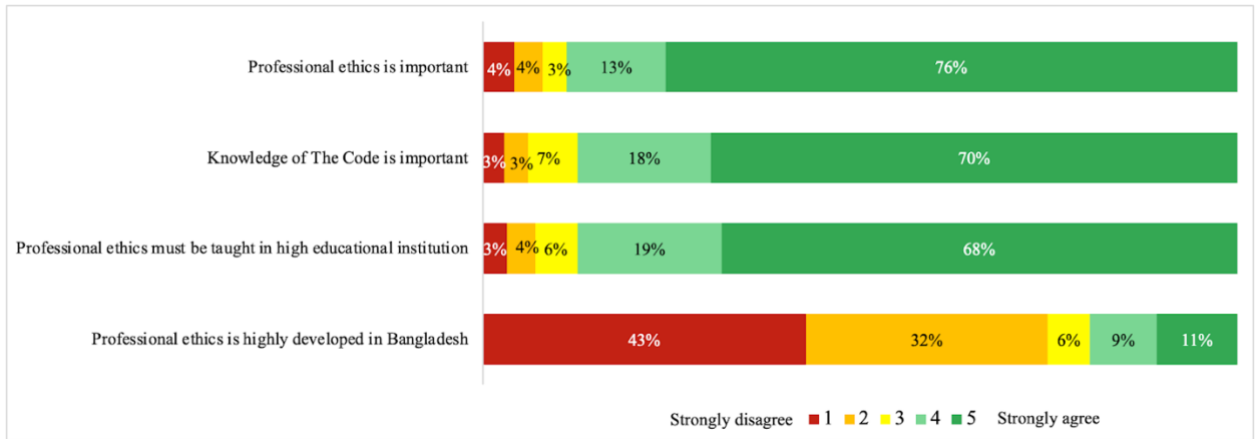


Figure 3. Respondents rate the above-mentioned statements on a scale from 1 - to 5, with 1 being strongly disagreed and 5 strongly agree.

Source: Prepared by the author

The 3rd statement in figure 3 shows that most accounting professionals (68%) thought professional ethics must be taught in high educational institutions. They agreed to rate "4" to the statement 19% of practitioners. While 6% of professionals are silent about their opinion on the ethics must be taught in high educational institutions statement. Almost the exact proportions of respondents thought there is no need to teach professional ethics in a high educational institution in Bangladesh.

On the other hand, 43% of total accounting practitioners strongly disagree with the statement that professional ethics is highly developed in Bangladesh. Moreover, 32% of respondents rated "2", answered meaning that professional ethics is not well developed in Bangladesh. Likewise, in the previous statement (3), 6% of respondents were neutral on ethical accounting development in Bangladesh. However, only more or less 10% of respondents agreed that ethics in the accounting profession is highly developed in Bangladesh.

**Table 7.** According to the respondents' rate on the importance of fundamental principles of ethics for Professional Accountants, along with a general statement. This general statement was added to the survey to see the Accountants' awareness of fundamental principles of ethics.

ANSWER OPTIONS	PERCENTAGE OF IMPORTANT VALUE		
	1st most important	2nd most important	3rd most important
Integrity	91%	6%	3%
Objectivity	83%	13%	4%
Professional competence and Due care	79%	17%	4%
Confidentiality	82%	12%	6%
Professional Behaviour	77%	19%	4%
Placing the interests of clients above personal ones	28%	15%	57%

Source: Prepared by the author

Table 9 shows the distribution of all possible values for each code of ethics' rules of conduct along with a general statement. Most of the respondents assessed integrity as the first most important value. Only a few respondents chose integrity as either the second or third most important value, which is 6% and 3%, respectively. Objectivity and confidentiality ranked 83% and 82%, respectively, as the first most important value. Similarly, almost the exact proportions of respondents gave medium value to the Objectivity and Confidentiality as principles of ethics. Professional competence and Professional Behaviour were also assessed as the most important value by 79% and 77% of practitioners. Only 4% of accounting ranked Objectivity, Professional Behaviour, and Professional competence as the third most important in the accounting profession.

Almost 19% of practitioners chose Professional competence as the second most important value, and confidentiality is ranked as the third most important by 6% of respondents. Most of the respondents ranked the statement placing clients' interests above personal ones as low importance. Only less than one-third assessed its first most important value. As a result, it is conspicuous that the practitioners are more aware of their fundamental professional code of ethics. These results are not surprising as Integrity, Objectivity, Professional competence, Confidentiality, and Professional Behaviour are the five fundamental principles to which

professional accountants adhere – as per the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA).

The findings of this section reveal that almost 90% of Chief accountants and Accountants' respondents consider it essential for the profession to have a code of ethics. 91% of both Chief accountants and Accountants are aware of the IESBA Code for accountants in Bangladesh. Most of the accounting professionals (68%) thought professional ethics must be taught in high educational institutions. And also, 43% of total accounting practitioners strongly disagree with the statement that professional ethics is highly developed in Bangladesh. The analysis of the fundamental principles of ethics for Professional Accountants is not unexpected because professional accountants should adhere to the five fundamental principles of integrity, objectivity, professional competence, confidentiality, and professional behaviour, which are outlined in the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA).

#### 2.2.4. Constraints of being an ethical accountant

This section explores types of unethical behaviour and with whom it is experienced. This part also looks at pressure Experienced by the Professional Accountant and experiences of threats associated with unethical behaviour or pressure (e.g., reduction in salary, demotion, termination, other).

Table 8. The responses of respondents to the question "Do you observe any unethical behaviour/act in your accounting profession?"

Occupation:	Yes		No		Total
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	46	68%	22	32%	68
Accountant	53	50%	53	50%	106
Other	24	59%	17	41%	41
<b>Total</b>	<b>123</b>	<b>57%</b>	<b>92</b>	<b>43%</b>	<b>215</b>

Source: Prepared by the author

Table 8. indicates that more than two-thirds of accounting practitioners experience unethical behaviour in the accounting profession. 13% of the respondents report never observing unethical behaviour in their job. Precisely 50% of Accountants experience unethical behaviour in their

workplace. However, exactly half of the respondents say rarely never (50%) observed unethical behaviour in their job. This result shows that accountants are likely to be exposed to unethical behaviour. Likewise, 59% of other respondents report Yes, meaning observing unethical behaviour in their job. However, the proportion of other respondents that never experience unethical behaviour is 43%.

Overall, the proportion of respondents who experience unethical behaviour is significantly higher. To better prepare practitioners for how to deal with such situations, it is important to know what kind of unethical behaviour they are observing. As a follow-up to the previous question, accountants were asked, what kind of unethical behaviour practitioners observe, and Figure 4 presents the result.

The following figure (see figure 4) illustrates that Unethical behaviour comes in many forms. 84% of accounting professionals see rules, regulations, or procedures not correctly followed, and a further 81% observe conflicts of interest. Furthermore, 97 of the respondents report witnessing professional misconduct (79%), manipulation of information (52%), bribes (37%), and undue pressure and influence (30%) and (23%), respectively.

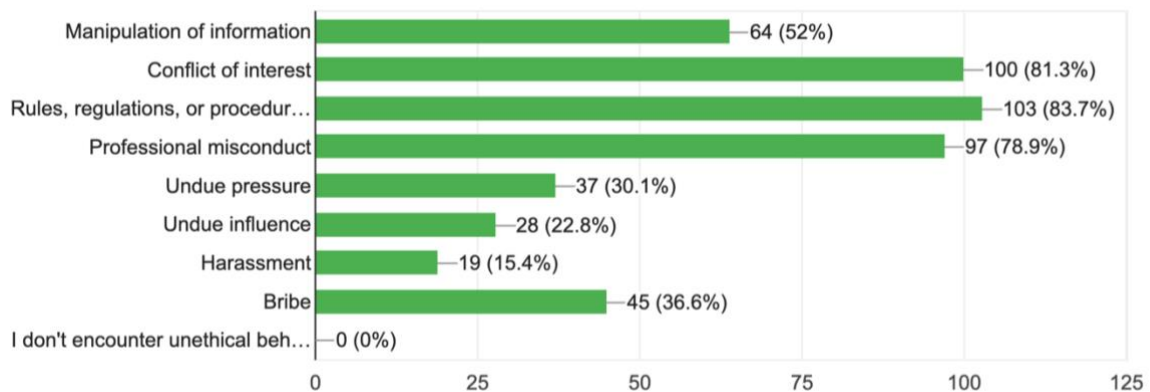


Figure 4. Respondents answered the question, "What kind of unethical behaviour do you observe?"

Source: Prepared by the author

Respondents working in private sector companies indicate significantly more to have observed conflicts of interest and rules, regulations, or procedures not being accurately followed than manipulation of information. On the other hand, respondents working in public organizations report significantly more to have experimental manipulation of information and bribes than

undue pressure. Overall, respondents in a private sector company report significantly more to have witnessed professional misconduct than their peers in an accountancy firm or self-employed (43% vs 30 %).

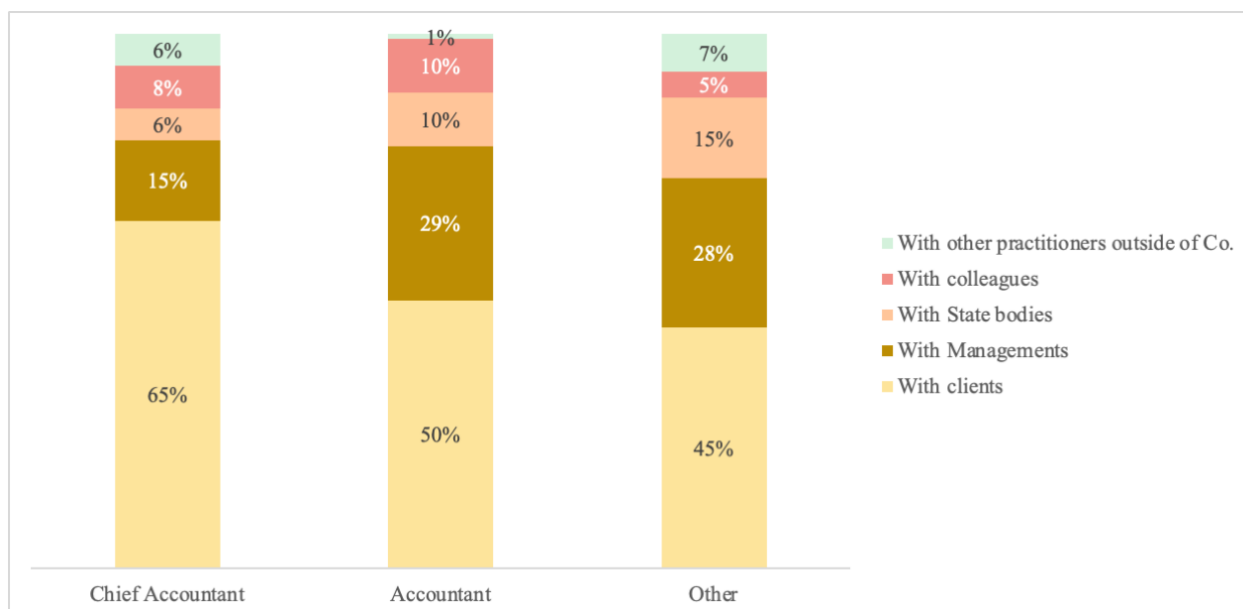


Figure 5. Answers from professional practitioners to the question of With whom do you observe unethical behaviour?

Source: Prepared by the author

Almost half of the total respondents report observing unethical behaviour by clients. This statistic makes clients the most chosen answer. Especially two-thirds of the Chief accountant respondents (65%) report witnessing unethical behaviour with clients. 15% of Chief accountants report seeing unethical behaviour with management. Moreover, Chief accountants also report observing unethical behaviour with State bodies (6%), Colleagues (8%), and other practitioners outside of the company (6%).

Half of the total Accountant respondents report observing unethical behaviour with clients. 29% of total accountants experience unethical with managers. Slightly more than 20% observed unethical behaviour by State bodies, Colleagues, and other practitioners outside of the company, 10%, 10%, and 1%, respectively.

In terms of Other respondents, 45% report witnessing unethical behaviour with clients—likewise, accountants almost the identical amounts of other respondents observing with

management. Furthermore, 15%, 5%, and 7% of other respondents observe unethical behaviour with State bodies, Colleagues, and other practitioners outside of the company, respectively.

Table 9. The respondents' responses to the question "Have you experienced any threat associated with the unethical behaviour/pressure (e.g. reduction in salary, demotion, termination, other)?"

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	37	80%	9	20%	46
Accountant	40	75%	13	25%	53
Other	20	83%	4	17%	24
<b>Total</b>	<b>97</b>	<b>79%</b>	<b>26</b>	<b>21%</b>	<b>123</b>

Source: Prepared by the author

Table 9. illustrates that most of the practitioners in the accounting profession associated with unethical behaviour felt threatened by either salary reduction, demotion, or termination at the workplace. However, roughly 20% of respondents did not have any experience associated with the unethical behaviour or pressure, neither salary reduction, demotion, or termination.

This section demonstrates that accounting professionals are the most likely to encounter unethical behaviour (57 %). Such behaviour can take on a variety of shapes and originate from a variety of sources. Respondents primarily perceive unethical behaviour as conflicts of interest (81%) and willful failure to follow the rules, laws, or procedures (84% ). Clients are frequently cited as the source of unethical behaviour. A significant portion of practitioners in the accounting profession who were associated with unethical behaviour felt threatened by either a salary reduction, a demotion, or termination from their positions.

### 2.2.5. Instances of unethical conduct

This section of the survey attempted to explore the prevalence of pressure and ascertain whether any specific trends or patterns emerged due to its occurrence, the types of individuals most likely to exert pressure, and the ultimate consequences of pressure exertion.

Table 10. Respondents' responses to the question; "Have you ever been subjected to pressure at work that violated legal standards and/or professional ethics?"

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	53	78%	15	22%	68
Accountant	78	74%	28	26%	106
Other	31	76%	10	24%	41
<b>Total</b>	<b>162</b>	<b>75%</b>	<b>53</b>	<b>25%</b>	<b>215</b>
<b>Entity type:</b>					
Private sector	100	81%	24	19%	124
company	49	70%	21	30%	70
Public/Govt. sector	13	62%	8	38%	21
Self-employment	<b>162</b>	<b>75%</b>	<b>53</b>	<b>25%</b>	<b>215</b>
<b>Total</b>					

Source: Prepared by the author

Table 10 shows that practitioners are often under pressure at work that violates legal standards or professional ethics. The percentage of respondents who stated they had been subjected to pressure reached 75%, or 162 responses in absolute numbers. When the responses were broken down by position, the number of Chief accountants who reported feeling the pressure was 78%, the highest among practitioners subjected to pressure at work. In contrast, the lowest number of accounting professionals subjected to work-related pressures that violated legal or professional standards were the Accountants (74%). However, 76% of Other practitioners reported being subject to pressure at work that violated legal standards and professional ethics. The level of responsibility to the stakeholders can be a factor in these differences. As a result of their elevated position and access to upper-level management, stakeholders can directly impact chief accountants because they have more responsibilities.

Analyzing responses according to their entity reveals that 81% of private-sector accounting professionals answered, "Yes- I have been put under pressure." The result indicates that four-

fifths of respondents had been asked to act contrary to their professional ethics or accounting legislation in their careers. In the public sector, 70% of practitioners had been subjected to pressure at work. Moreover, two-thirds of self-employment respondents stated that they had been subjected to pressure at work that violated legal standards or professional ethics.

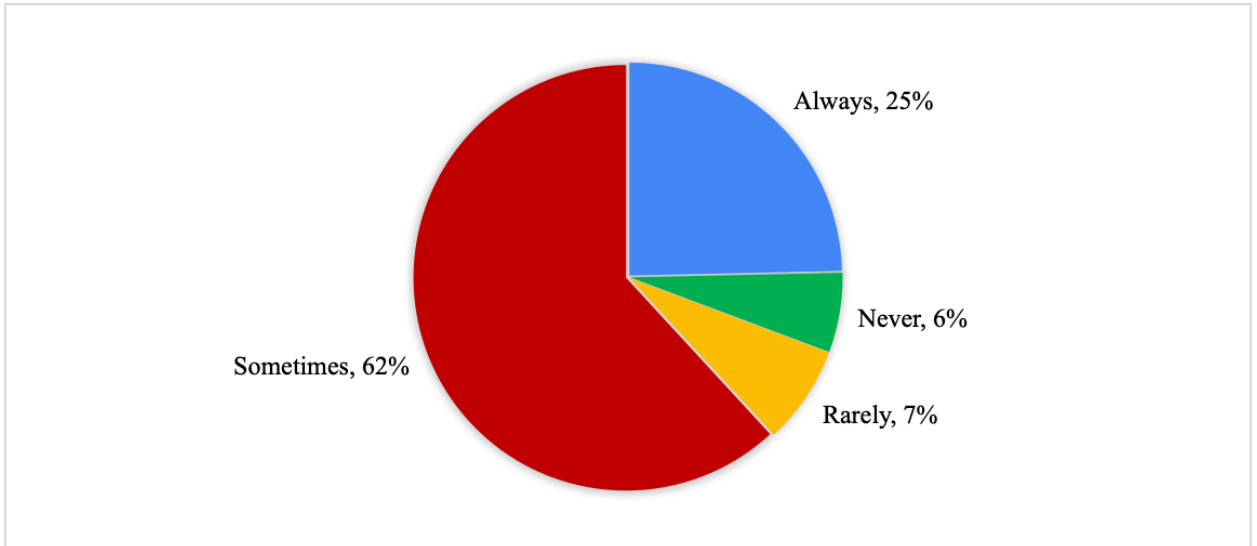


Figure 6. Findings in response to the question "How often do you think the pressure is exerted on the accountants?"

Source: Prepared by the author

According to Figure 6, 62% of the survey sample, or 133 practitioners, believe accountants are frequently under pressure. Fifty-three respondents, or 25%, believe accountants are constantly under pressure. The proportion of those who experience pressure on rare occasions in their professional life totalled 16 or 7%. The remaining 13 responses, or 6% of the total sample, thought accountants never come under pressure.



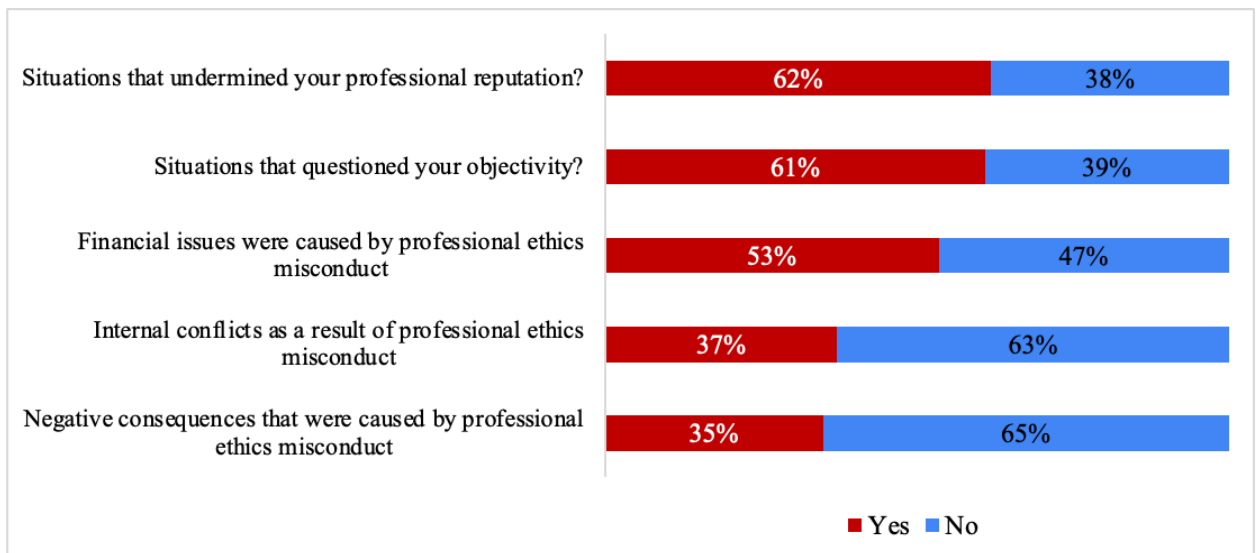


Figure 7. Answers to the question "Have you encountered any of the above-mentioned situations?"

Source: Prepared by the author

The data in Figure 7 conveys essential information. Practitioners have frequently encountered situations in which their professional reputation was undermined (62 per cent or 133 respondents). The remaining 82 practitioners (38%), on the other hand, have never been questioned, undermining their professional reputations. The analysis demonstrates that multiple situations call into question accountants' professional objectivity, as evidenced by 61% of respondents (131 responses) who had encountered such situations. For 39%, there were no instances in which their professional objectivity was put into question. There is a high probability that financial issues will arise due to professional ethics misconduct, as indicated by 53% or 115 respondents—internal conflicts resulting from professional ethics misconduct, as indicated by 37% of participants. Simultaneously, the remainder, 63% or 135 respondents, did not encounter the situation of internal conflicts resulting from professional ethics misconduct. However, 65% of participants indicated that they did not face the situation of negative consequences caused by professional ethics misconduct. Nearly a quarter of respondents indicated that they faced either Internal conflicts or negative consequences caused by professional ethics misconduct.

This section analysis indicates that accounting professional ethics is a significant concern for Bangladeshi accountants. Bangladeshi accountants value the Ethical Principles and Code of Conduct and express solidarity that if they are always followed, the quality of the accounting

profession will improve. Accounting professional ethics in Bangladesh, on the other hand, has appeared at a low level, resulting in accountants frequently encountering ethical dilemmas, acting against current laws or regulations, and being under pressure. Stabilization, functionalization, and further development of national accounting regulations, including an ethical framework, must be done through collaboration between the private and public sectors with the participation of governmental bodies. It is also essential to collaborate and synchronize professional accounting bodies, the ICAB and the ICMAB, to ensure the adhere and sound practice of the accounting profession in Bangladesh.

### 2.2.6. How to apply ethical behaviour

The previous section showed the presence of unethical behaviour accounting in the accounting profession. This section looks at how respondents believe they could be better prepared for behaving ethically.

Table 11. Respondents answered the question, “Have you received any ethics training in your life?”

OCCUPATION:	YES		NO		TOTAL
	amount	percentage	amount	percentage	
<b>Position:</b>					
Chief Accountant	22	32%	46	68%	68
Accountant	41	39%	65	61%	106
Other	19	46%	22	54%	41
<b>Total</b>	<b>82</b>	<b>38%</b>	<b>133</b>	<b>62%</b>	<b>215</b>

Source: Prepared by the author

Table 11 indicates that most of the practitioners did not receive any ethics training. Specifically, 68% of Chief accountants indicated they had taken training on ethics neither on the job nor in higher education, while one-third of chief accountants only received the ethics training. Almost the same statistics also showed on ethics training in terms of Accountants. However, almost half of the other practitioners received ethics training in their life. Now, we look to the sample of “Yes” respondents in the following figure to see how relevant the training they have received so far has been regarding ethics.

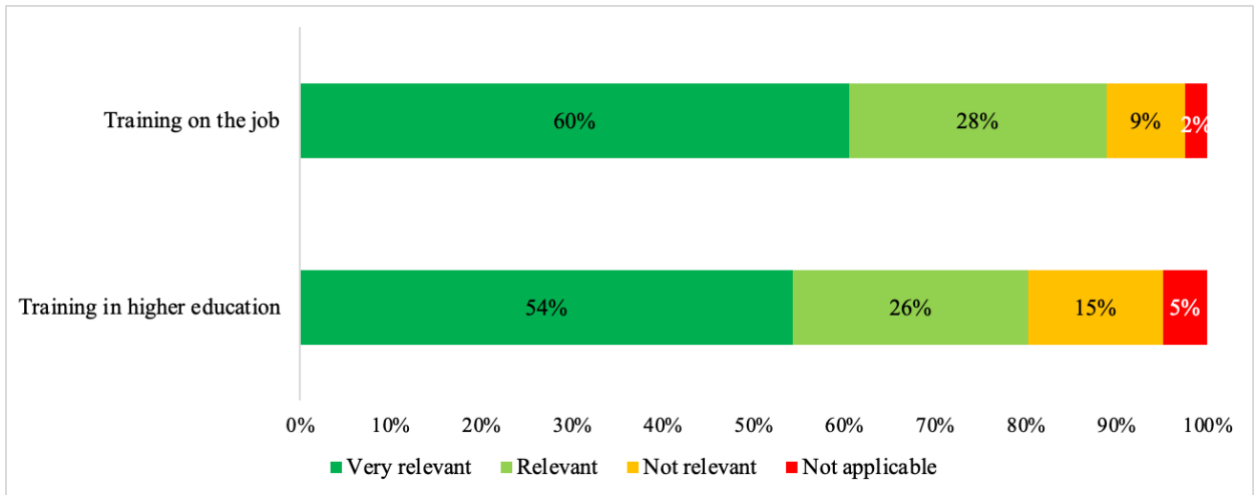


Figure 9. Findings in response to the question "With regards to ethics, how relevant has been the training you have received so far?"

Source: Prepared by the author

Over 50% of respondents consider their job and higher education training to be very relevant. Almost the same number of respondents indicated that the training they refined from the job and the educational institution was relevant. The proportion of respondents considers their received training from job and higher education neither relevant nor applicable (11% vs 20%). There is not a big difference in the relevance ascribed to both types of training.

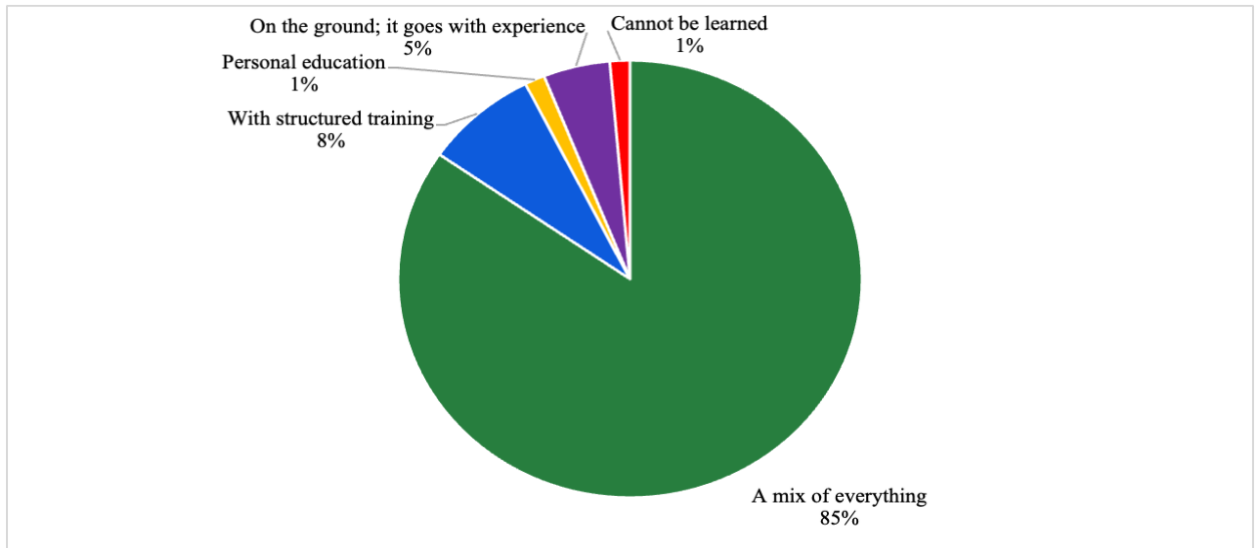


Figure 10. Responses to the question "What is the best way to learn and apply how to behave ethically?"

Source: Prepared by the author

A large number of accounting practitioners believe that a mix of different methods should be considered to learn how to behave ethically. 8% of respondents prefer structured training to learn

ethical behaviour—practical experience is perceived by around 5% of the respondents as the best way to learn ethical behaviour. A tiny amount of respondents give preference to personal education. However, only 1% believe ethical behaviour could not be learned.

This section analysis indicates that most of the respondents believe that it is necessary to have a mix of everything, such as training, personal education, and experience, to learn and apply to behave ethically. Four-fifths of respondents consider their training received in higher education and on the job to be either relevant or very relevant. However, this is not the case for a substantial minority, which indicates that there is room for improvement. Improving the quality of training in job and educational institution are therefore important.

## CONCLUSION AND SUGGESTIONS

The thesis aimed to find out the adherence to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh. The introduction of the report addressed five research questions. To study the research questions, the author developed an online questionnaire with a target audience of Bangladeshi professional accountants.

Having appropriate sample demographics was extremely important to obtaining accurate and relevant results from the study. In response to the survey questionnaires, 215 responses were received from professional accountants, with 68 per cent of respondents being older than 36 years old and having more than seven years of experience in accounting. Everyone who answered the survey questions was a professional accountant working in various positions, with 49 per cent holding the position of chief accountant, 32 per cent holding the position of accountant, and 19 per cent holding positions such as financial advisors, office managers, and payroll bookkeepers.

Professional accountants in Bangladesh follow the IESBA Code of Ethics. Once established, the Financial Reporting Council can develop a Code of Ethics for all professional accountants in Bangladesh. Both ICAB and ICMAB must set ethical standards for their members. The ICAB has approved the 2013 IESBA Code of Ethics for its members and is currently reviewing the 2016 IESBA Code of Ethics for adoption. However, ICMAB states to have created a code of ethics for its members based on the 2012 IESBA Code of Ethics.

The survey findings revealed the compliance to ethical behaviour and the prevalence of ethical issues facing accounting professionals in Bangladesh. The study gives empirical evidence of Bangladeshi accountants' adherence to ethical behaviour and the prevalence of ethical issues. Next, the author will answer the research questions based on the study.

The first research question examines how Bangladeshi accountants follow current laws and regulations. The outcome of the accounting practitioners survey shows that 83% of the respondents stated that they always act according to the laws and regulations, which tells that Bangladeshi professional accountants are law-abiding. Most practitioners believe in always having the same understanding of ethical behaviour in their workplace. Nevertheless, almost three-quarters (73%) of accounting practitioners indicate a need to behave more ethically in their day-to-day job, either definitely, or in some situations, and 57% of the respondents have experienced acting against the

laws and regulations. Even though Bangladeshi professional accountants feel that they are law-abiding and act according to the laws, there can still be seen as unlawful action among Bangladeshi accountants. From different job positions, chief accountants (68%) have been observed unethical behaviour in their accounting profession and more than accountants (58%), which is a matter that could be examined even further.

The second research question aimed to find out how accountants perceive the level of professional ethics and the application of the code of ethics in Bangladesh. According to the questionnaire, 90% of Chief accountants and Accountants' respondents consider it essential for the accounting profession to have a code of ethics. In total, 88% of accounting practitioners know that the IESBA Code of Ethics governs the accountancy profession in Bangladesh. Furthermore, More than 70% of respondents found professional ethics and the knowledge of professional ethics significant for practising the profession. The findings showed that all five principles of The Code (Integrity, Objectivity, Professional competence, and due care, Confidentiality, Professional Behavior) are considered equally the highest most important to behave ethically. However, only 20% of accounting practitioners considered professional ethics in Bangladesh to be highly developed. 6% found it as of medium level, and the rest, 74%, claimed the level of accounting ethics is very low in Bangladesh. This result indicates that professional ethics must be considered for further development in Bangladesh. These findings also correlate with descriptive studies by Bangladeshi scholars that were discussed in the first part of the thesis. Whether accounting ethics should be taught in the higher educational institutions, only 7% of the respondents disagreed with the state, and 6% were unsure. The majority (68%) feel that accounting ethics should be considered more in higher education.

The third research question examines unethical behaviour's appearance and with whom accountants experience it. According to the questionnaire, ethical dilemmas appear in Bangladeshi accountants' jobs since 57% of the respondents have experienced acting against the laws and regulations. The findings show that unethical behaviour comes in many forms. Respondents indicate that conflicts of interest (81%) and intentionally not following rules, regulations, or procedures (84%) are the most common unethical behaviours observed in the accounting profession in Bangladesh. Furthermore, 79% of the respondents report witnessing professional misconduct (79%), manipulation of information (52%), bribes (37%), and undue pressure and influence (30%) and (23%), respectively. Almost half of the total respondents report observing unethical behaviour by clients. This statistic makes clients the most chosen answer. Another study

reveals that 79% of accounting practitioners associated with unethical behaviour felt threatened by either a salary reduction, a demotion, or termination. These kinds of behaviour in the accounting profession are totally unacceptable. Hence, they obstruct the ethical practice of accounting professionals. The author strongly suggests further discussing threatening occurrences in accounting activity and preparing the prevention steps on avoiding them or how accountants should act in such situations.

The fourth question aimed to determine if there is pressure to behave unethically in an accountant's job. According to the survey findings, practitioners are often under pressure at work that violates legal standards or professional ethics. The percentage of respondents who stated they had been subjected to pressure reached 75%. Analyzing responses according to their entity reveals that 81% of private-sector accounting professionals have been put under pressure. In the public sector, 70% of practitioners had been subjected to pressure at work. Moreover, more than 60% of Practitioners have frequently encountered situations where their professional reputation was either undermined or questioned their objectivity. Based on the results, it can be concluded that the pressure that occurs in Bangladeshi accountants' jobs has a significant effect on the ethical behaviour of accounting practitioners adversely.

The last research question examines how respondents believe they could be better prepared for behaving ethically in the workplace. According to the survey findings, 62% of accountants have not received ethics training either in their job or educational institutions. Above 80% of respondents consider their training received in higher education and from the job to be relevant or relevant. Another significant point is that more than 85% of respondents believe the best way to behave ethically required to have the quality of everything, such as training, personal education, and experience. However, some respondents mostly emphasized that training is the best way to learn ethical behaviour.

The findings presented clearly show that the author's research questions were carefully reviewed and proved. Bangladeshi accountants' have a high awareness of the legislation and ethical principles. Chief accountants, Accountants and others emphasised the importance of ethical behaviour and professional competence. Nevertheless, the enormous ethical dilemmas and the pressure at the workplace to act against the regulations seem to harm the accountant's ethical behaviour. Unethical and unlawful action mostly happens in the workplace. To prevent the situations that result in unethical behaviour, the company should have adequate internal

controls. Management should build an environment that does not accept unethical behaviour. Training in higher education and on-the-job training are considered essential revealed from the analysis. Finally, these activities mentioned above should be thoroughly ascertained to prevent unethical workplace behaviour.



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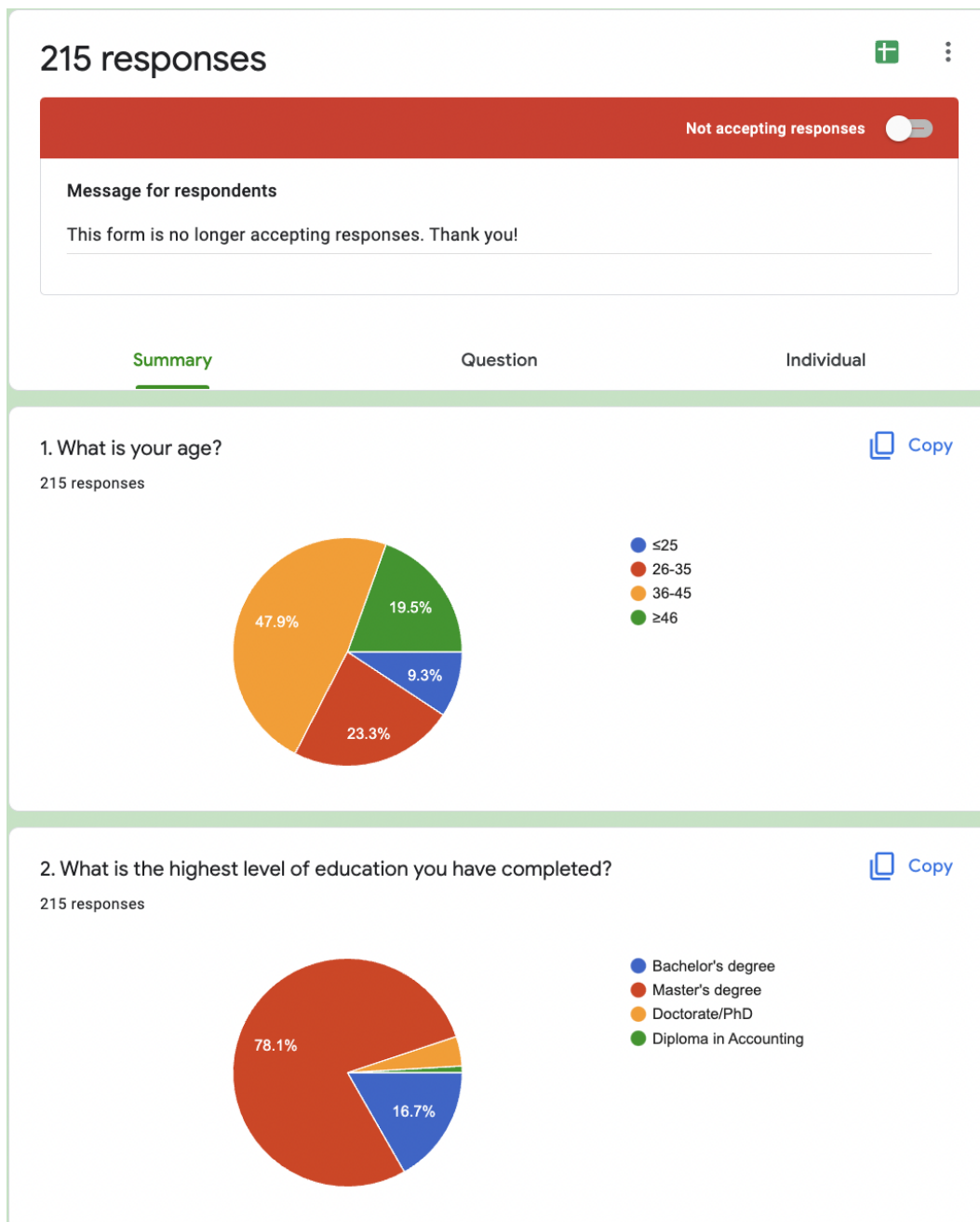
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# APPENDICES

## Appendix 1. Survey questionnaire

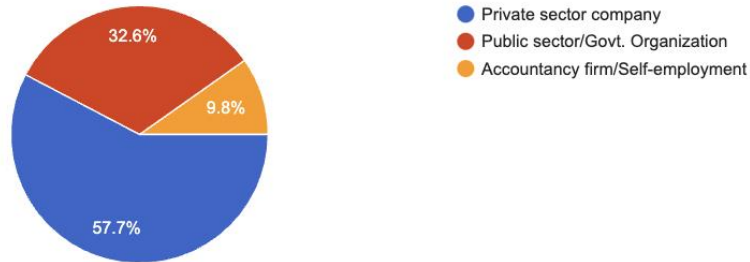


## Appendix 1. Continue

### 3. Where are you working?

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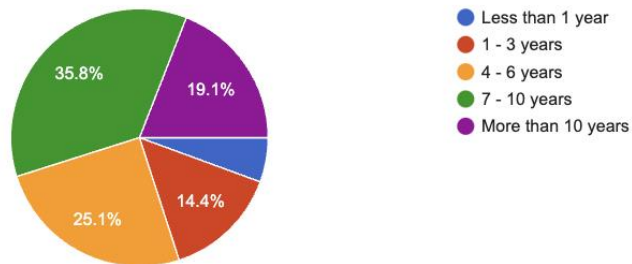
215 responses



### 4. How long have you been in the accountancy profession?

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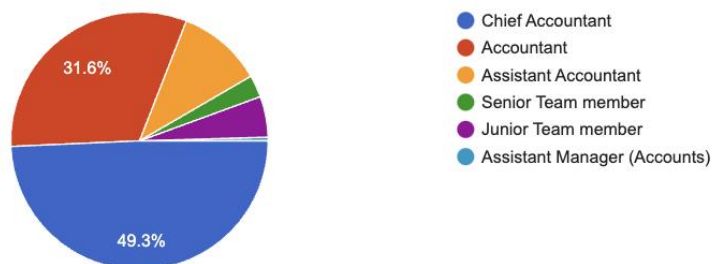
215 responses



### 5. Which of the following best describes your current position?

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215 responses

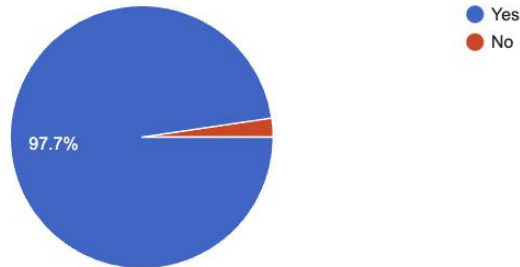


## Appendix 1. Continue

6. Do you always follow current standards, laws, and regulations in your professional accountancy?

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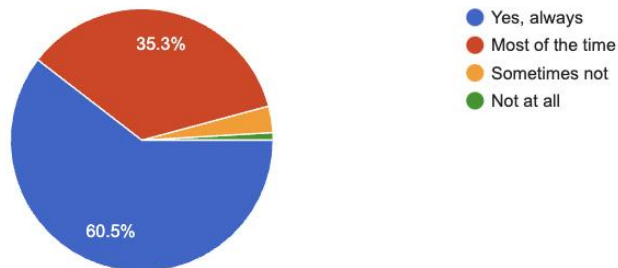
215 responses



7. Do you understand "Ethical Behavior" in the same way as your company/organization/accountancy firm?

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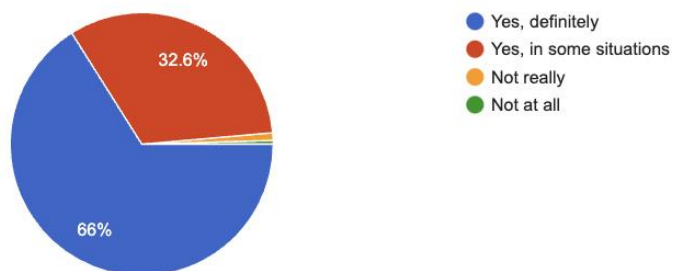
215 responses



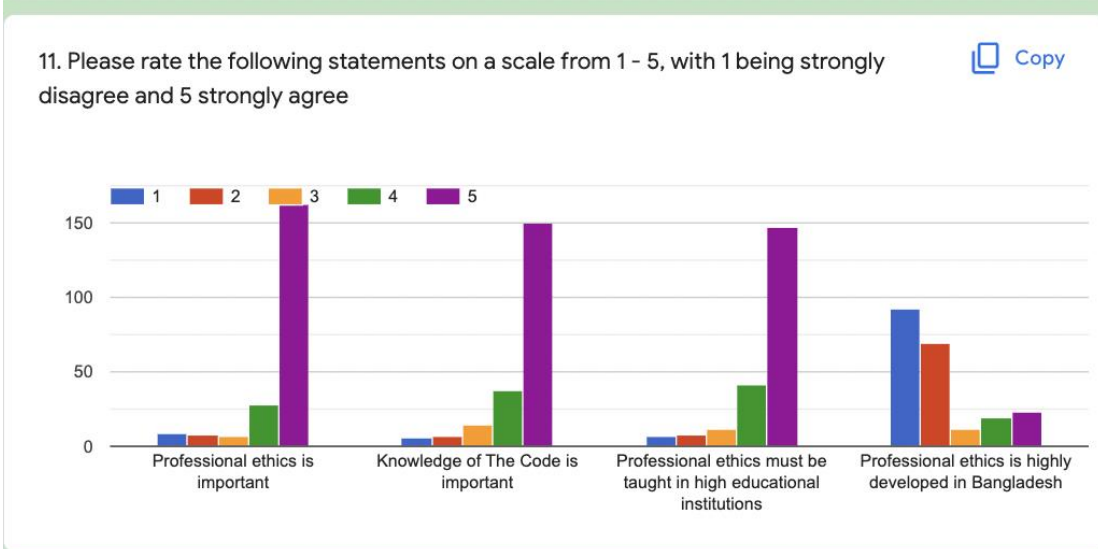
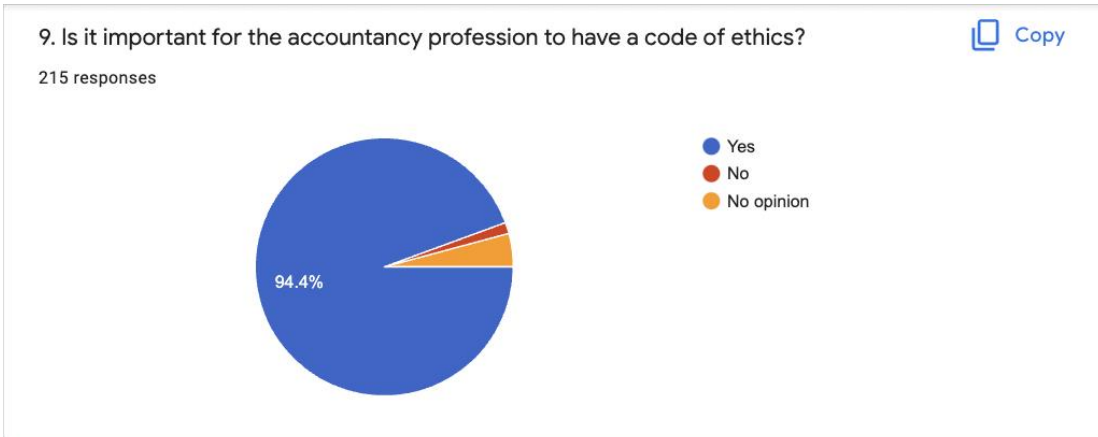
8. Is there a need to behave more ethically in your day-to-day job?

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215 responses



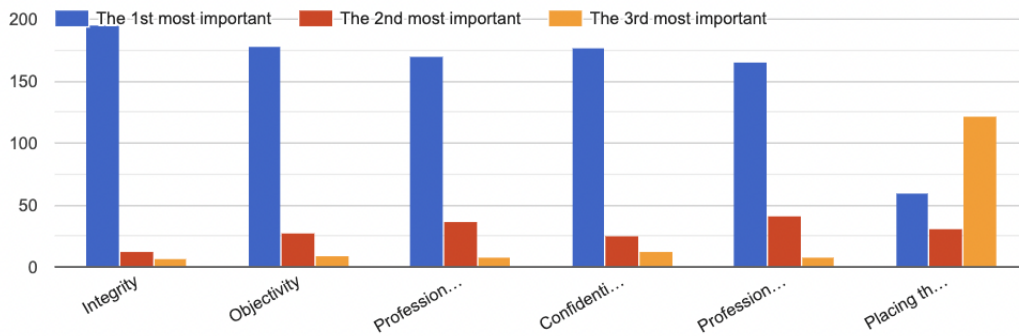
## Appendix 1. Continue



## Appendix 1. Continue

12. According to you, rate the importance of the following fundamental principles of ethics for Professional Accountants.

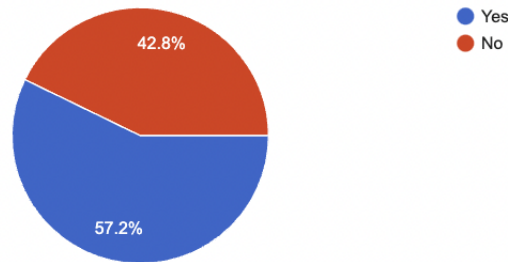
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13. Do you observe any unethical behavior/act in your accounting profession?

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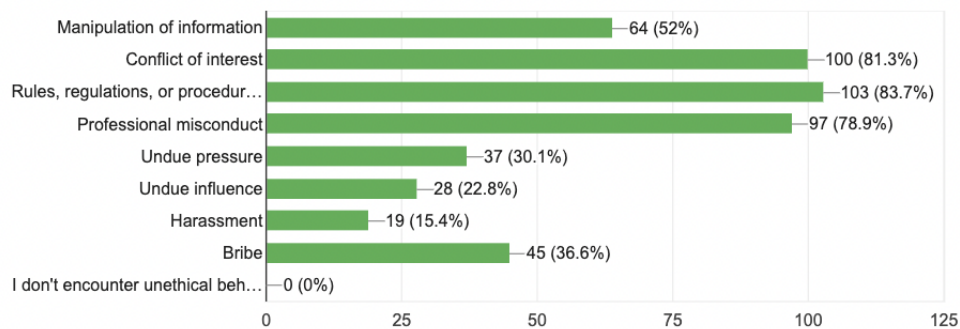
215 responses



13.1 What kind of unethical behaviour do you observe?

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123 responses



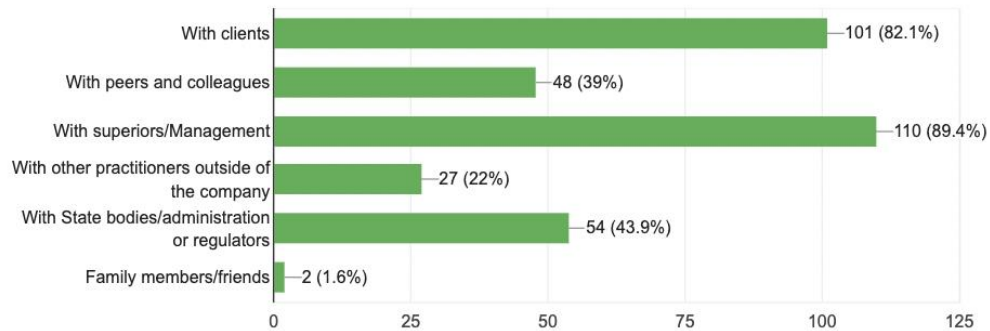


## Appendix 1. Continue

### 13.2. With whom do you observe unethical behaviour?

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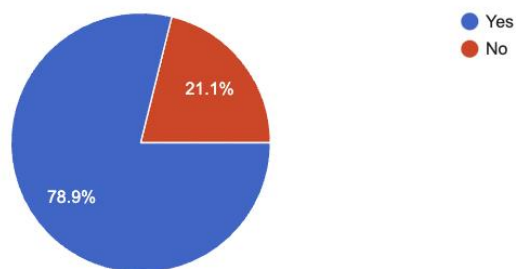
123 responses



### 13.3 Have you experienced any threat associated with the unethical behaviour/pressure (e.g reduction in salary, demotion, termination, other)?

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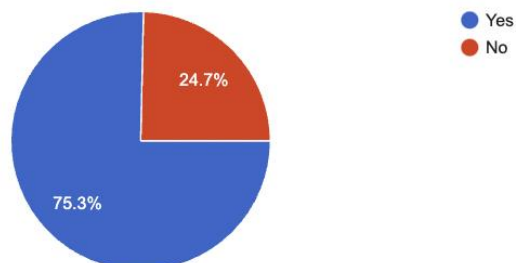
123 responses



### 14. Have you experienced pressure on your work in violation of legal standards and/or professional ethics in your work practice?

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215 responses

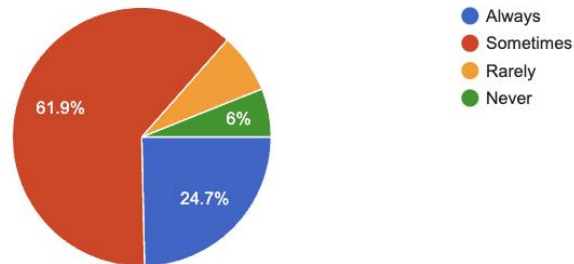


## Appendix 1. Continue

15. How often do you think the pressure is exerted on the accountants?

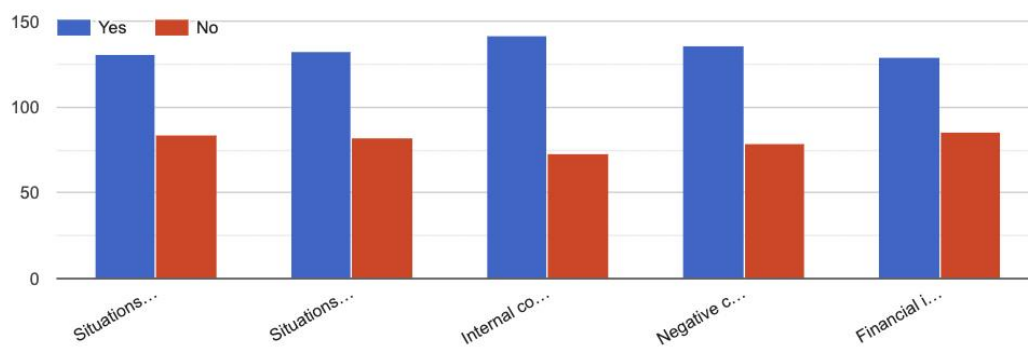
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215 responses



16. Have you faced the following situations?

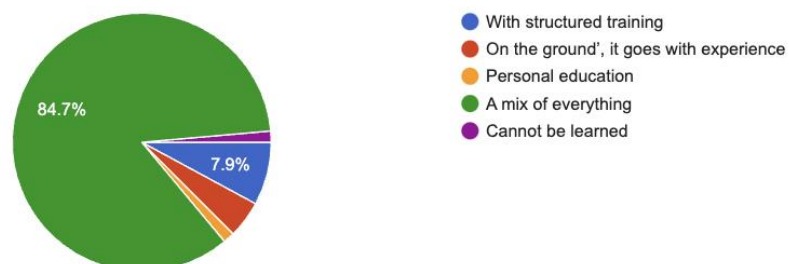
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17. What is the best way to learn how to behave ethically?

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215 responses

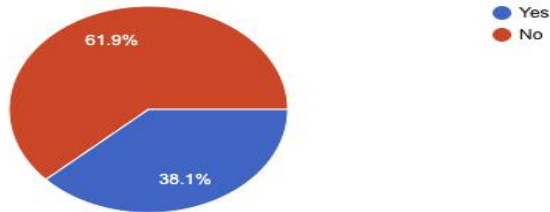


## Appendix 1. Continue

18. Have you received any ethics training in your life?

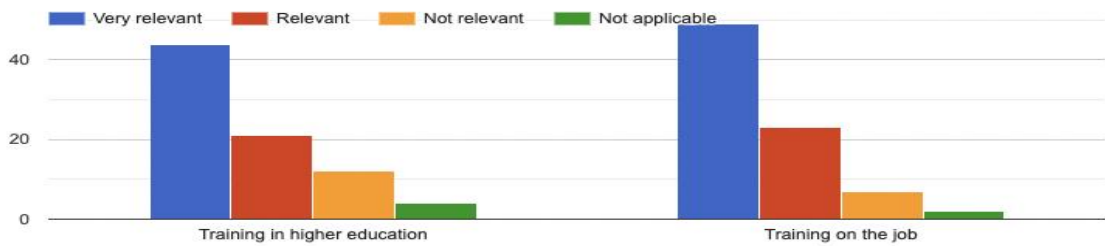
215 responses

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18.1. With regards to ethics, how relevant has been the training you have received so far?

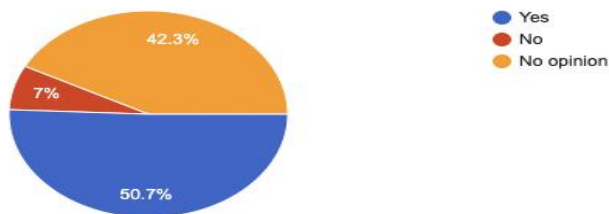
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19. Are you sufficiently supported at your workplace to identify unethical behaviour?

215 responses

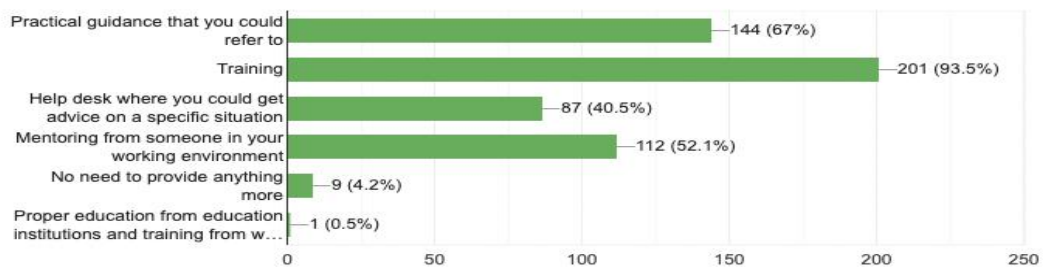
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20. To help you apply ethical behaviour, do you see a need for...

215 responses

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