

The complete ethics chain of value: from social and ethical principles to the role of the official auditing and accounting revision entities

Pedro Fernandes Anunciação* and
João Rocha Santos

School of Management Sciences,
Polytechnic Institute of Setúbal,
Setúbal, Portugal
E-mail: pedro.anunciacao@esce.ips.pt
E-mail: jcarlossantos@netcabo.pt
*Corresponding author

Francisco Rodrigues Rocha

College of Law,
Classic University of Lisbon,
Lisbon, Portugal
E-mail: francisco_bfrocha@hotmail.com

Abstract: The lack of ethical and deontological principles and the absence of a strong sense of social responsibility from public and private entities can cause the fall of the social and economic structure of corporations, regions, countries and/or continents. Portugal, in particular, has not been immune to all these questions. One should highlight the most recent cases related to the Portuguese financial sector, and the efforts made by governmental authorities and official regulatory agents in applying strong measures to overcome some of the serious problems that have arisen at these institutions. Through an Ethical Commission, the Portuguese Parliament has investigated the possible pressure on private media entities by people and organisations close to the government. Building on previous work, this paper proposes a *new ethics chain of value* that should be relevant to the official auditing and accounting revision entities, because it stresses the importance of ethical, deontological and social responsibility in relation to the principles required for official regulatory and supervisory authorities.

Keywords: ethics; supervision; regulation; social responsibility; auditing; accounting.

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Biographical notes: Pedro Fernandes Anunciação, PhD in Management from the Evora University (Portugal), is a Coordinator Professor and President of the Technical and Scientific Board of the School of Management Sciences at

the Polytechnic Institute of Setúbal (Portugal) and Member of Information Systems Governance European Club.

João Rocha Santos, PhD Student of Strategic Management at the Miguel Hernandez University of Elche (Spain), is an Assistant Lecturer in the School of Management Sciences at the Polytechnic Institute of Setúbal (Portugal) and Academic Member from ATINER – Athens Institute for Education and Research (Greece).

Francisco Rodrigues Rocha is a Practice Lawyer and Master Student of Law at the College of Law from the Classic University of Lisbon (Portugal).

1 Introduction

Business is increasingly more complex and global. Present-day economic thinking assumes that individuals always pursue their narrow self-interest or private economic incentives, and hence ignore the influence of ethical motives, such as public interest, on human action (Kulshreshtha, 2007). Competition and the shortage of resources justify a delegation of tasks and responsibilities, where ethics, integrity and independence are unquestionable requirements for the return of confidence. The consideration of ethics is unavoidable and the ethical analysis of the problem is crucially important for the complete understanding of the issues (Saner, 2000). Ethical principles and analysis can play an important role in a delegation of tasks and responsibilities.

The environment in which organisations operate is a source of increasing threats, confronting operational management with innumerable business risks, whether financial, tax or operational (André, 2009). Knowing that the present economy is sustained on information, and information is itself a productive factor, it is easy to understand how important, in a professional and organisational context, ethical issues are. Information and knowledge professionals should be committed to the achievement of ethical principles which are essential to make activities trustworthy. According to Roubini and Mihm (2010)

“the recent crisis highlighted the ‘too big to fail’ problem. The collapse of Lehman Brothers and the resulting cardiac arrest of the global financial system revealed that many institutions had become so large, leveraged and interconnected that their collapse could have systemic and catastrophic effects.”

The problems associated with lack of ethics in economic and financial business present serious risks that affect the credibility of all agents who act in the market and the confidence in the institutions that oversee and regulate (cf. Gottschalk and Solli-Saether, 2010). In this particular context, we can affirm that there are no countries immune to these issues and Portugal, in particular, is no exception. In Portugal, the stability of the financial sector has been guaranteed by the credibility of regulators overtime. However, the latest events in the field of ethics, the management accountability of some financial institutions and the apparent inertia of the regulatory authorities have led to an actual lack of confidence of economic agents in financial institutions and the regulators. The most high-profile cases related to the Portuguese financial sector have led the governmental authorities and the official regulators to apply strong measures to overcome some of the problems arising at these institutions, in an attempt to avoid their collapse or undesirable

consequences to the national economy and shareholders. After all, governments are the people and governments are ‘for’ and ‘about’ the people (Maila, 2008).

Such evidence led the Portuguese Parliament to create an Ethics Commission to investigate the possible pressure on private media bodies by people and organisations close to the government, regarding possible influences on editorial issues and the acquisition of media corporations by companies where the state has an important and decisive stake as the golden share stockholder. Roubini and Mihm (2010) argue that

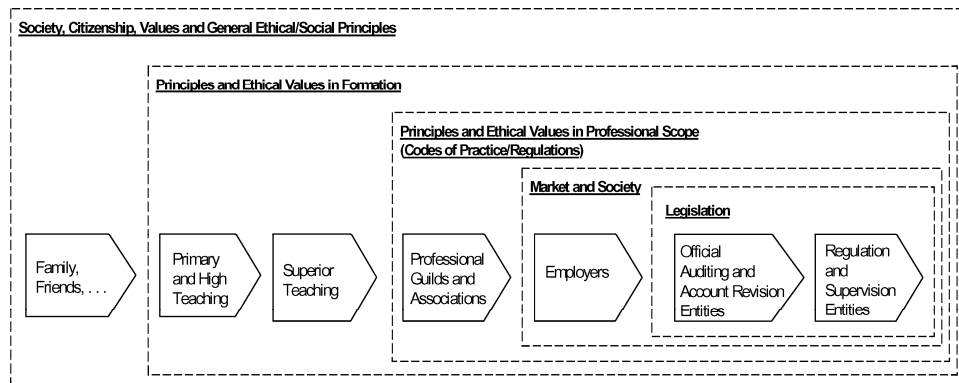
“regulation could be better and smarter, regulators could eliminate banks’ intentional evasion of regulatory oversight and more drastic changes can and should be imposed in the coming years, including breaking up big banks and imposing new firewalls in the financial system.”

Unethical conduct of service providers cannot penalise customers, tarnishes their experience, causes dissatisfaction and results in customer defection. Although customers, unfortunately, are increasingly being subjected to unethical conduct by service providers, government must, through official regulator agents, ensure the necessary conditions for the proper markets and society functioning (Babbar, 2005). Since 2003, some authors have been trying to make a diagnosis of the ethical questions related to the teaching of business management sciences and their applications throughout the economic development of the society (cf. Anunciação et al., 2009a).

Based on the previous studies focused on different areas related to the global ethical context and on the breach of security and trustworthy image of the regulatory institutions, this paper analyses the importance of ethics in their work and introduces them into the ethic chain of value developed by the authors in previous (scientific) studies. The current work aims to analyse the *National Council for Auditing Supervision (CNSA)*, which has been entrusted with regulatory and supervisory functions for the auditing and accounting revision entities. As a result of our study, a set of hypotheses to reform the *ethics chain of value* is made, namely in terms of introduction of a supervisory body as an essential element to pursue and develop the chain framework (Figure 1).

This study is empirically based and assumes an informative and advisory role on the present theme (Yin, 2003a,b). It follows a methodology that allows us to put together several sources of quantitative and qualitative information. It also allows us to perform transversal and longitudinal analyses, assuming simultaneously descriptive, explanatory and predicative characteristics (Pérez-Aguilar, 2004).

Figure 1 The complete ethics chain of value (proposed)



Building on previous work, we plan to investigate, understand and update the concepts of ethics, ethical principles, behaviour codes or patterns and social responsibility, as well as their pragmatic execution, practicability and consequences on social and economic realities (Lee et al., 2009; Sarabia-Sánchez, 2004). In fact, by investigating a group of selected auditing and accounting revision entities, we sought to find out how auditing and accounting revision entities incorporate and apply new principles and values into their internal business practices.

2 Background to previous studies

In 2003, some of the authors of this paper had begun an analysis of the importance of ethical, deontological and behaviour codes, carrying out research into a *Code of Expectations and Behaviour* at the School of Management Sciences of the Polytechnic Institute of Setúbal (Santos and Anunciação, 2003).

In 2004, because of the needs and conditions imposed by ethical and deontological codes approved and overseen by several professional orders and associations, some of the officially qualified bodies with these functions were analysed (Loureiro et al., 2004). These state-funded associations (connected to the state), by defining and applying those professional and ethic codes, seek to secure the enforcement of a set of principles essential to dignifying the practice of such professions. They also allowing a reduction in the existing differences between the multiple patterns of personal references, by guiding professional practice, linked together by general principles of behaviour and human conduct regarding competence, confidentiality, integrity and objectivity, among others, essential to perform their own professions. Because the existence of specific training in professional ethics and deontology is one of the categorical and imperative conditions, in order that recently graduated college students can gain access to some of the professions – which, as we already know, must be previously authorised by public professional orders and associations. It was found that in Portuguese Universities, in the area of Enterprise and Business Management Sciences, only 25% of the total courses and 31% of educational institutions provided for an obligatory discipline or a seminar about ethics or deontology in their 2003/2004 official curricular plans. Anunciação and Santos (2007a–c) carried out a similar analysis to the one made in 2004, focusing on the specific learning training in ethics and professional deontology in Higher Education, with regard to curricular changes that occurred when the Bologna Higher Education Reform was implemented in Portugal and the subsequent structural readjustment in courses. Anunciação et al. (2009a) also carried out an analysis of three Portuguese bodies that are officially entrusted with economic, financial and market regulatory and supervisory functions: the Bank of Portugal, the Securities Market Commission (CMVM) and the Competition Authority.

Regarding the importance those bodies in enhancing ethical, moral and social issues, by looking inside their operating, statutory and normative structures, their respective internal codes of conduct and the importance they give to ethical and behaviour issues led the authors to reformulate the original *ethics chain of value*, to include these bodies as a fundamental element of the system.

3 Present study review

Society and economics are built on narrow cooperation between their respective agents that are based upon a correlation of trust. This trust, which makes present and future cooperation easier in relation to non-related tasks (Prusak and Cohen, 2001), justifies the relevance of the theme of ethics as the *mot d'ordre* for proper closure of all the transactions between the respective social and economic agents. Considering the centrality of ethics as the fundamental element that ensures economic and social harmony, its collective dimension shows itself every time someone, while pursuing his goals or purposes, hinders others' in achieving their own goals and purposes (Mason et al., 2000).

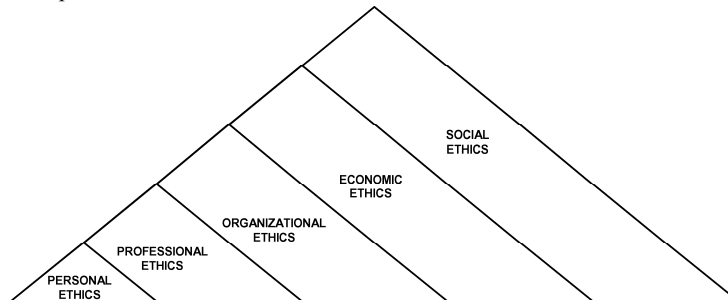
If it is normal to find *consensus* about the need for ethical principles and values to guide professional practices in an economic and social context, we cannot always reach that same agreement when we confront individual opinions concerning the principles that should guide some practices or lead the decisions taken during professional practice (Anunciação et al., 2005). Therefore, it is natural that many organisations seek to introduce into their respective cultures some mechanisms which can influence their members (Ming and Chia, 2005) and assume their role as ethical agents within their economic activities, through 'show-off' ethical or behaviour mechanisms or instruments (e.g. codes), which can guarantee a fairer and more balanced social, economic and organisational development (Grupe et al., 2002). Ethics and social responsibility should be encouraged, stimulated and taught to raise awareness of the higher value existing in the practice of proper behaviours and actions arising from the principles which are collectively understood as ideals towards the harmony of this communitarian and collective system. This *stimulus* and teaching are made at several dimensions and levels which integrate different participants and interveners, among which an interaction and complementation are established which is essential to human balance and necessary to professional practice: the personal side, which consists, in the first instance, of the perception and comprehension of ethics is deeply influenced by family, friends and culture, among other factors; the professional side, emphasising professionals' collectively incorporated values and principles, guiding behaviours and responsibilities; the organisational side, including the ethical culture of employers' organisations, carried and resulting in codes of ethics or embodied in the teaching of moral and collective organisational conscience; economic and social sides, which correspond to society and market ethical values and principles that guide the economic and social activities of their various agents (Figure 2).

Ethics require a multi-dimensional measure in its analysis (Patel, 2007). Considering that ethics is a universal and a collective phenomenon, and that it has no barriers whatsoever of culture, race, beliefs, creed or religion, and it is frequently influenced by the institutions we come into contact and interact with, we must know which main bodies are responsible for personal and ethical teaching. Therefore, it is important to define an *ethics chain of value* to make each background positioning easier, identifying every responsibility those bodies have for their trainee's teaching and consequently for their *modus agendi*. Considering that every person finds themselves in a permanent process of learning and study and that this person's intelligence and abilities allows everyone to adjust their behaviour, it is obvious that each one of those bodies in the chain of value has its own particular share of responsibility, so that it has a certain specific role depending on its competence and performance range. Each one of these bodies influences the

formation of a set of ethics which acts as a role model and adapts itself according to the different roles it assumes.

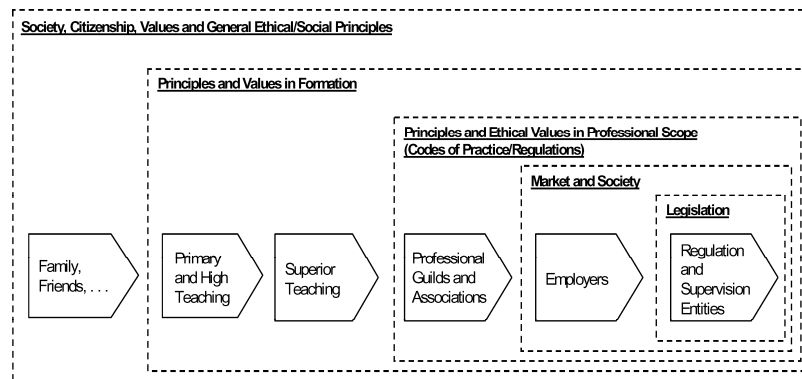
The bodies that influence and are integrated into the *ethics chain of value* are: *family and friends* – who represent society’s nucleus and the basic social element of interaction, transmitting and carrying essential values and principles in order to live in harmony with society; *educational institutions* (primary or junior school, secondary or high school and higher education at universities) – self-centred and oriented *per se* into a formal and scientific teaching, highly restricting their students’ way of being and interacting as future professionals; *professional orders* – monopolising who can or who cannot practice a specific profession, safeguarding professional practice, diligently observing the professional behaviour of their associate members and dignifying the profession and professionals as well; *the employer corporations or organisations* – who seek to influence, through their socially accepted culture, the moral principles of their employees; *the regulatory and supervisory bodies* – including their professionals, which have an important ethical responsibility over the markets and the institutions trust and credibility index, with the obligation of their activities and responsibility leading to ‘waves’ of suspicion and distrust that spread all through the market and society (Figure 3).

Figure 2 Multiple ethical dimensions



Source: Anunciação and Santos (2007a–c).

Figure 3 The new ethics chain of value



Source: Anunciação et al. (2009a,b).

Therefore, it is natural that the ethics in those corporations that adopt them publicly are understood and felt as a functional strategy in a moral context, whose value system will necessarily be reflected in society and in the economy. Besides, it will always be seen as a tool for criticising internal behaviour and an organisation's culture, allowing us to survey and harmonise the connection between participants' values and the organisation's value system (Sommerlatte, 1997).

To the eyes of a mere external observer, the importance our society gives to the professional and organisational questions of ethics is, mainly, a reaction to the lack of ethics that has been generally felt in the professional life (Argandona, 1997). Nevertheless, the community has felt the need to develop and apply organisational policies of ethical behaviour. These policies should include a wide set of conditions and guidelines, at an internal level between the different parts of an organisation, and at an external level at the connections made with institutions, governments, suppliers, clients and with the society in general, dignifying the profession and its professionals, building a common sense of ethics and responsibility (Middlestadt et al., 1997). The ethical challenge, at an organisational level, lies in harmonising a set of ethical and professional values and principles with a supra individual framework, to arrange and to guide behaviours, actions, attitudes and decisions.

4 The National Council for Audit Supervision

The aim of the National Council for Audit Supervision (CNSA, 2008, 2010a,b), created by Decree Law No. 225/2008, on 20 November 2008, is to establish the organisation of a system of public supervision of accounting review professionals (Revisores Oficiais de Contas (ROC)) and societies (Sociedades Revisores Oficiais de Contas (SROC)), which has the final responsibility for the supervision of the activities of these bodies. CNSA's legal mission is to strengthen confidence and credibility in the activity of auditing led by ROC and SROC in Portugal, assuring these bodies contribute to the rigour, correction, reliability and transparency in documents of accounts rendered. This public interest mission is guaranteed through the organisation of a system of supervision for all ROC and SROC, endowed with characteristics of independence and with objectives of efficiency and transparency which is intended to ensure they are effective.

The CNSA is composed of and managed by a board consisting of members of the Bank of Portugal, the CMVM, the National Insurance Institute of Portugal, the Guild of Accounting Review Professionals (OROC) and a Senior Member of the National Finance General Inspectorate who coordinates these bodies' supervision of the activities of ROC and SROC, using the technical, material and human resources of the bodies that make up the CNSA. The CNSA still provides cooperation and assistance to the international bodies with powers of approval, registration, quality control, inspection and discipline of the ROC and SROC. The CNSA supervises the approval and registration of official accountants and the official accounting societies,¹ the adoption of internal disciplinary rules by the official accounting societies, auditing procedures, the adoption of ethical and deontological professional rules, continuous training, quality control of auditing and systems of inspection and discipline. They also initiate, instruct and decide on misdemeanour cases and the application of sanctions, the emission of regulations within their jurisdiction and the inspection to see that regulations are being applied, namely, in

the publication of opinions on the norms of auditorship, deontological and quality control and evaluation of the disciplinary system proposed by OROC.

While exercising its supervisory legal functions, the CNSA can give orders, formulate recommendations and spread information, namely the verification of legal and technical conformity to the registration processes, the registers, continuous training and regular inspections made to the ROC and the SROC, the execution of inspections to bodies and citizens under their supervision, whenever there are indications of irregularities and inquiries into infractions of fines in the exercise of auditorship activity. To contribute to efficient cooperation and coordination of those subject to auditorship, the CNSA establishes forms of cooperation for the performance of its duties with other private or public bodies, nationally or internationally, whenever it is considered useful for the fulfilment of its functions, gives assistance to the relevant authorities, especially regarding inspections, and gives information whenever it is required by official authorities from other states of the European Union (EU) where necessary or convenient.

The CNSA is driven by a set of values that guide its actions in defence of the public interest, distinguished for its integrity, consistency and transparency, defined through an Internal Regulation (CNSA, 2010a,b) that establishes the rules for the organisation and functioning of the CNSA, approved by the Complementary Law No. 42/09/MEF from the Minister of State and Finance in 28 January 2009. Being an official document complementary to a CNSA corporate by-law, it constitutes a tool for directing, validating and applying practices and actions, acting simultaneously as an internal reference for its agents and an external guide for people and organisations whose work comes under its supervision. It defines, among others, the functions of supervision and evaluation of the ROC and SROC quality control system that is handled by the OROC, through its Quality Control Commission. Its objectives are to verify whether the technical norms and approved directives of auditorship are being respected in legal terms, to confirm the means used by ROC and SROC, if labour payments are adjusted to the nature and dimension of the auditorship, if independence requirements had been verified, evaluate if the audit reports have been done with proper foundations, to verify the ongoing evidence of audit files, evaluate the internal quality control system implemented by the ROC and SROC and contribute to improving the quality of professional practice.

The system of ROC and SROC quality control supervision is guided by principles of independence and lack of any conflicts of interest between the auditors and the ROC or SROC being audited. People selected for quality control work have a specific and relevant professional training in terms of quality control and wide experience in the domain of legal accounting reviews and financial information. This quality control work includes the assessment of ongoing evidence of selected legal account review files and an appreciation of the fulfilment of auditing rules and norms, the requirements of independence, the suitability of resources used and the specific payments arising from audits and also an evaluation of the ROC and SROC internal quality control system. Under its legal duties, the CMVM undertakes continuous monitoring of the bodies under its supervision, and has the legal power to make inspections and reports, whenever is understood to be necessary, and the OROC periodic quality control of ROC and SROC. Whenever the CMVM makes inspections on these bodies, they are made in coordination with OROC and inform the CNSA of the results.

The auditors and the auditing bodies are also subject to quality control from third countries. They present audit reports of individual or consolidated accounts from societies outside the EU whose published moveable assets are admitted to negotiation in

the regulated Portuguese market, with the exceptions foreseen in official rules and legislation. The global results of the CNSA quality control system are published on their official internet site each year.

5 Inquiry to auditing and accounting revision entities

In view of the difficulty of identifying an empirical and contemporary phenomenon whose borders and context are not perfectly well defined and as the number of entities registered with the CNSA is high, comprising more than 1,000 ROCs and 130 SROCs, all of them registered in OROC and CMVM,² a selected group of OROC registered with the National Council of Supervision of Auditing was studied, chosen by location (Portugal), size (anonymous societies or branch offices of multi-nationals) and with specific abilities in their work (with the participation of other companies recognised for their professional activity in other states). The aim was to check, among other things, the importance that is attributed to ethical issues by a set of official accounting and revision entities with recognised professional importance, in an attempt to understand if ethics and other subjects related to it, such as social responsibility, are themes normally approached in auditing and accounting review processes. In addition, we investigated to what extent there is more concern about ethical questions in the processes of analysing organisations, if ethical questions (or the lack of them) in the organisations audited are observed at their own request if questions regarding ethical issues are well and fully explained in the official auditing and accounting review reports and the importance given to ethical matters in the auditing and accounting review processes.

6 Results of the inquiry

According to the results obtained (Table 1), the overwhelming majority of the entities surveyed disclosed that the ethical questions or subjects related to them, are normally analysed in the process of auditing and the official accounting review (90%). However, only a little more than half of the selected group of bodies (56%) were available to answer the short study.

When questioned about the scope where there is more concern with ethical questions or subjects related to them, in the processes of auditing and official accounting reviews, a major concern was found with these subjects as regards management (70%) and fiscal and tax matters (60%). Regarding the way in which ethical questions (or of the lack of them) are observed in the organisations audited, it was found that these are particularly observed through the accounting and fiscal data (90%) and the management options of the organisations analysed (80%), were especially noticeable, above all, by the previous experience of the auditors (100%) and also on request from the regulatory and supervisory authorities (60%). However, it is clear that the audited organisations do not request, in express terms and in the main, the commentary on questions of an ethical nature (or the lack of this) in a general form (90%) and those questions are mainly observed by the official documents they give to auditing organisations (90%). On the other hand, the auditing and revision entities make a point of previously discussed questions of an ethical nature with the audited bodies (90%) and mention them in the auditing and review reports (60%). However, these references in the auditing reports,

despite being taken into consideration (80%) are not presented in an explicit way (70%). According to the bodies surveyed, there is no doubt about the importance that questions regarding the ethical domain have in the auditing and account review processes, considered as of high importance (40%) or even fundamental (30%), with management giving more importance to questions of an ethical nature level (60%), against stockholders (20%) and various stakeholders (10%), and even a group of bodies surveyed that do not give any particular importance to these questions (20%).

Table 1 Results of the survey into the auditing and official accounting revision entities (see Appendix)

<i>Question 1</i>						
Yes	9	90.0%				
No	1	10.0%				
<i>No. of answered inquiries</i>	10					
<i>Question 2</i>						
Accounting level	5	50.0%				
Fiscal and tax level	6	60.0%				
Management level	7	70.0%				
<i>Question 3</i>						
	<i>Yes</i>		<i>No</i>		<i>DK/DA</i>	
By demand of the audited entities	0	0.0%	9	90.0%	1	10.0%
By the analysis of the supplied accounting, fiscal and tax data	9	90.0%	1	10.0%	0	0.0%
By the analysis of the management options of the audited entities	8	80.0%	1	10.0%	1	10.0%
<i>Question 4</i>						
	<i>Yes</i>		<i>No</i>		<i>DK/DA</i>	
By demand of the audited entities	1	10.0%	8	80.0%	1	10.0%
By demand of the regulating and supervision authorities	6	60.0%	3	30.0%	1	10.0%
By definition and previous experience of the auditors	10	100.0%	0	0.0%	0	0.0%
<i>Question 5</i>						
	<i>Yes</i>		<i>No</i>		<i>DK/DA</i>	
Previously argued with the audited entities	9	90.0%	1	10.0%	0	0.0%
By references in the auditing reports	6	60.0%	3	30.0%	1	10.0%
No questions are made or registered	1	10.0%	6	60.0%	3	30.0%
<i>Question 6</i>						
	<i>Yes</i>		<i>No</i>		<i>DK/DA</i>	
Presented in explicit way in the auditing reports	2	20.0%	7	70.0%	1	10.0%
Considered for the fulfilment of the auditing reports	8	80.0%	2	20.0%	0	0.0%

Table 1 Results of the survey into the auditing and official accounting revision entities (see Appendix) (continued)

<i>Question 6</i>						
Presented in a brief form in the auditing reports	5	50.0%	4	40.0%	1	10.0%
<i>Question 7</i>						
Management level	6	60.0%				
Stockholders	2	20.0%				
Stakeholders	1	10.0%				
Do not know/do not answer	2	20.0%				
<i>Question 8</i>						
None	0	0.0%				
Few	1	10.0%				
Reasonable	2	20.0%				
High	4	40.0%				
Fundamental	3	30.0%	70.0%			
<i>No. of answered inquiries</i>	<i>10</i>	<i>100.0%</i>				

Source: Anunciação et al. (2009a,b).

7 Conclusions

Society and economy are built from the cooperation between their agents, whether private or public. The justified importance of ethical values and behavioural codes of conduct for ensuring the demandable and proper achievement of transactions between the diverse players is corroborated by the major importance given by those official agents and regulatory and supervisory bodies while achieving their activities and pursuing their goals. In a context, where information has a relevant economic value, where it influences knowledge and conditions the market and society, it is important to guarantee that professional practices are conducted within a framework of human cooperation and its development. The deliberate distortion of the processing patterns of information input and output influences premeditated knowledge and, consequently, actions and decisions, conditioning organisations' functioning and development, and markets and society as well. Ethics in a globalised society of information and knowledge is the nucleus for conscious, coherent and responsible (personal and organisational) positioning, assuring professional autonomy in the development and responsibility of organisational acts. This nucleus must include three central principles, among others, that are essential for the basis of respective professional practices:

- urbanity or politeness, which implies that diverse activities have an impact or serve as an output to other activities in a perspective of economic and social value chain
- integrity, which implies an awareness that the processing carried out should correspond to the treatment demanded of the activities and information that they faithfully translate the reality they correspond to

- uprightness or aptness, which implies the personal and collective capability to perform and assume responsibility for the activities they perform and for the people they direct, integrating the set of scientific and moral competences essential to the performance of some jobs and tasks.

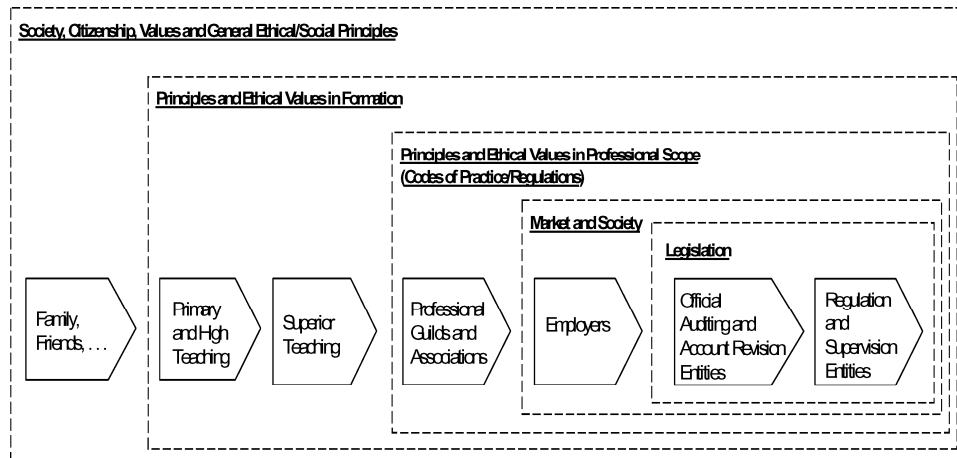
Knowing that the auditors and account revisers behaviour, depending on their respective codes of behaviour and deontology, must foresee independence, responsibility, ability and confidentiality in the treatment and availability of information, there are some central aspects that can be removed or concluded from this work. Although the great majority of the bodies surveyed mention that the ethical dimension assumes a significant role in dealing with questions connected with the work, only half of the bodies surveyed reaffirmed publically this importance when answering the questionnaire. As the most relevant questions were related to management and taxes it is not possible to assess the importance of ethics, this situation being liable to be downplayed when compared with the importance of the business-associated activities. Ethical questions associated to the analysis of accounting and fiscal elements are a permanent concern in accounting auditors' minds, which essentially stems from their experience and professional position. However, they assume a more reduced importance when requested by the regulation and supervision authorities and are practically a null request from the audited bodies although discussed previously with them, which indicates the relatively small importance given by the organisations for the effective retention of these questions on the part of the auditors.

Finally, although the bodies surveyed declared that a balance of ethical questions is performed with auditing and accounting review reports, the organisations audited mostly do not ask in an explicit way for the observation of these ethical matters and inclusion is not made in an explicit form in the auditing reports. This can mean that the weight of the commercial relations established between organisations and the bodies chosen by them for auditing and official accounting review reports can relatively overlap with the possible evidence of lack of ethics in their activities or in the items audited, in order not to make impracticable future relations of a commercial nature and a future rendering of services. Although the high or fundamental importance that questions regarding the ethical domain have in the processes of auditing and official accounting review for the majority of the bodies surveyed, the importance given to questions of ethical nature mainly by the management agents will be able to accuse, in the reality, that for the remaining agents with relations with the organisations (stockholders and stakeholders) questions of an ethical nature or the lack of this are irrelevant or less important for the respective interests. Any professional belongs to an economic and social network, and therefore his performance will serve as a guideline/benchmark to other professionals and economic or social activities, works and practices.

Regulation and supervision bodies and their professionals have an increased ethical responsibility over the markets and the institutions trust and credibility index. Loss of respect in their activities and responsibility lead to 'waves' of suspicion and distrust that spread throughout the market and society. The credibility of the business activities and the responsibility for actions taken and their behaviour will be an example and a stimulus to all of those who come into contact with them and to consolidate universal principles, such as honesty, integrity, dignity, impartiality, prudence or justice, among others, as fundamental conditions for a conscious and diligent performance of their respective activities. Considering the importance of the official auditing and accounting revision entities regarding the most essential economic, financial and corporational activities, at

the economic and social context, it makes complete sense to include this official body, because of its specific configuration, importance and role within the Portuguese legal system and, indirectly, within Portuguese society, within the concept of the *complete ethics chain of value* (Figure 4).

Figure 4 The complete ethics chain of value



Source: Anunciação et al. (2009a,b).

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Notes

¹It is an ability of the OROC the approval and register of these bodies, being some of them also registered in CMVM.

²There are not any auditors or auditing societies from foreign countries registered in CMVM.

Appendix

Question 1: Ethical issues and related topics are subjects normally discussed and analysed in the auditing and accounting revision processes?

Question 2: In what context are felt more concerns about the organisational ethical issues in the auditing and accounting revision processes?

Question 3: The ethical issues (or the lack of ethics) in the audited organisations are observed in:

Question 4: In what extent the issues of ethic and social responsibility (or the lack of them) are visible in the reviewed documents?

Question 5: The questions made in the auditing and accounting revision processes, dealing with ethical subjects (or the lack of ethics) and other related topics are:

Question 6: The questions made about ethical issues (or the lack of ethics) are:

Question 7: In what levels is given more importance to ethical issues (or the lack of ethics) in the auditing and accounting revision processes?

Question 8: What is the importance (relative weight) given to ethical issues (or the lack of ethics) in the auditing and accounting revision processes?