

Original scientific paper

THE ROLE OF THE INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS IN UNETHICAL SITUATIONS

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Abstract

This study examines how knowledge of the International Code of Ethics for Professional Accountants affects accountants' ability to recognize and respond to unethical situations. The research was conducted from January to June 2023 in Bosnia and Herzegovina. A survey design was used for this study. The questionnaire was sent to 130 addresses, of which data was collected for 71 companies and completed by accountants working in or for the companies surveyed. 80.3% of respondents indicated that they were familiar with the provisions and guidelines of the International Code of Ethics for Professional Accountants. The results of the survey suggest that accountants who are more familiar with the provisions and guidelines of the International Code of Ethics for Professional Accountants are more likely to be able to recognize unethical situations and pressures in business and respond according to the Code's guidelines. However, no significant relationship was found between the willingness to apply the International Code of Ethics for Professional Accountants and the accountant's ability to resist pressure from managers to falsify accounting data.

Keywords: accounting, ethics, Bosnia and Herzegovina

JEL classification: M14, M41, M48

INTRODUCTION

Ethical standards and principles are crucial for any profession when it comes to improving its professional skills and increasing the overall efficiency of the organization (Nambukara-Gamage and Rahman 2020, 332). Professional accountants possess a broad range of skills and competencies underpinned by ethics, trust, integrity and recognition of their responsibilities to the public interest (International Federation of Accountants 2021). The complexity of the professional environment brought about by rapidly evolving technology, digital disruption and misinformation has a direct impact on all organizations and professional accountants. The accountant-focused job market is experiencing a wide range of changes. Not only is employment changing, but also the role of accountants in an organization is now shifting significantly from data collection and reporting on past events to active partners in planning and advising on business decisions (Pervan and Dropulić 2019, 24). All of these activities are critical and require compliance with ethical standards throughout the process. Therefore, accountants are considered to be at the forefront of business when it comes to producing high-quality financial reports and providing reliable financial information to

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stakeholders (Nambukara-Gamage and Rahman 2020, 332). The accounting profession has taken upon itself the great responsibility of providing financial information to the public through professional accountants, and the ethical problems of the accounting profession involve two interrelated difficulties. One concerns the question of whether accounting information is a private or public good, and the other arises from the asymmetrical distribution of accounting information among those who benefit from the company's transactions (Todorović 2018, 139).

The International Ethics Standards Board for Accountants (IESBA) is an independent global standard-setting body (International Federation of Accountants 2024). The IESBA serves the public interest by setting high quality international ethics standards as the cornerstone for ethical conduct in businesses and organizations and for public confidence in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide. The IESBA's standards are contained in the International Code of Ethics for Professional Accountants (the Code). According to the International Federation of Accountants (IFAC), the Code sets out the fundamental ethical principles for professional accountants so that these principles define the standard of behavior expected of a professional accountant. The basic principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Previous research has shown that approximately 50 percent of IFAC member organizations have adopted the IFAC Code as their organizational code of conduct. Thus, there is empirical evidence that an international convergence of ethical standards in accounting is taking place (Clements et al. 2009, 383). The Chartered Institute of Management Accountants (CIMA) is committed to the highest ethical and business standards and encourages its members to be reasonable and responsible professionals. A distinctive feature of the accountancy profession is the acceptance of the responsibility to act in the public interest. An accountant's responsibility is not just to meet the needs of an individual client or the organization that employs them (Chartered Institute of Management Accountants 2020).

Considering these circumstances, it is crucial to analyze and understand why ethical practices are essential in accounting. This research study will contribute to the current field of accounting and help to identify gaps in previous research studies with empirical evidence and the losses/failures that accounting professionals/organizations have suffered because they have underestimated the importance of ethics in conducting their accounting practices. The objective of this research is to determine the extent to which professional accountants adhere to the Code. However, the specific objectives are:

- Investigate the extent to which professional accountants are aware of and act in accordance with the Code;
- Examine the extent to which professional accountants can recognize unethical situations in business;
- Analyze the extent to which knowledge of the Code influences accountants' ability to recognize and respond to unethical situations in business;
- Analyze the relationship between the willingness to apply the guidelines of the Code and the accountant's ability to resist pressure from managers to falsify accounting data.

These objectives will help accomplish the most important goal of this study by providing a clear understanding of why accountants must act ethically in the

performance of their duties and how things can change when accountants lack ethics. This report will present a constructive literature review to support the purpose of the research and describe the methods used to conduct the research. Finally, the research findings will be discussed and recommendations for further studies will be made.

1. LITERATURE REVIEW

The field of business and economics, where moral and economic values intertwine, is considered one of the best areas for moral scrutiny (Lalević-Filipović and Drobnjak 2017, 302). Ethics is the ultimate and final reference for certain groups of people. It forms the scaffolding on which the foundation of any noble profession is built. It is often a code that professionals use to claim that they are "professionals" and is regularly the cardinal document for a profession (Osagioduwa and Ogbonmwan 2022, 22-23). Codes of conduct in accounting and adherence to such ethical guidelines by practicing accountants are crucial (Cardona et al. 2020). The Code (International Federation of Accountants 2024) provides a conceptual framework that professional accountants must apply to identify, assess and address threats to compliance with the fundamental principles. There are five fundamental principles of ethics for professional accountants: integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Integrity means acting fairly, being truthful and having the strength of character to act appropriately even when under pressure to do otherwise or when one's actions could have potentially negative personal or organizational consequences. Professional accountants must possess integrity as a fundamental ethical principle (Fatemi et al. 2020), which requires an accountant to be honest and upright in all professional and business dealings. A 2013 KPMG survey found that most employees (73%) had witnessed misconduct in the last 12 months. More than half (56%) said that what they had witnessed could cause "a significant loss of public confidence if discovered," and this is an increase from the 2009 survey results. The adoption of formal ethics and compliance programs continues to have a positive impact. Employees who work in companies with programs generally report more favorable outcomes than those without (KPMG 2013). This is consistent with the findings of Cardona et al. (2020, 69), which suggest that being a single accountant, non-affiliation with the Code of Professional Conduct of the American Institute of Certified Public Accountants (AICPA), appears to be predictive variables associated with the occurrence of professional ethics violations.

According to the Code (International Federation of Accountants 2024), a professional accountant shall comply with the principle of objectivity, which requires an accountant to exercise professional or business judgment free from bias, conflicts of interest or undue influence by, or reliance on, any individual, organization, technology or other factor. The study by Nambukara-Gamaga and Rahman (2020, 340) shows partial links between unethical accounting practices and fraudulent activities that can become a threat to the company's existence. They suggest that when the economic performance of the organization is misrepresented through unethical accounting practices, companies not only violate the ethical rules but also jeopardize their future growth and business opportunities. Osagioduwa and Ogbonmwan (2022) investigated how professional accountants comply with the Codes and found that professional accountants highly adhere to the Codes for integrity and objectivity.

A professional accountant must comply with the principle of professional competence and due care, which requires an accountant to acquire and maintain professional knowledge and skills (International Federation of Accountants 2024). Professional competence can be divided into the attainment and maintenance of professional competence. Maintaining professional competence requires continuous awareness and understanding of applicable procedural, professional and business developments (Osagioduwa and Ogbomwan 2022, 27). In addition to written rules of conduct, proper education is undoubtedly an essential factor that contributes to the professional performance of tasks and the preparation of individuals for real working life. Therefore, ethics and analytical thinking should be part of the accounting curriculum (Žager et al. 2019; Cameron and O’Leary 2015; Ismail and Mohd Ghazali 2011). Ethics education contributes to the development of accountants' ethical responsibility. It helps develop the necessary skills to resolve conflicts or dilemmas that may arise in the field of accounting and confirms that business ethics significantly influences the moral thinking of accountants (Lalević-Filipović and Drobnjak 2017). Ethics and morality play a key role in the education of managers, auditors and accountants so that they recognize ethical principles in the performance of their regular business and professional activities (Nerandžić et al. 2012, 289). Accounting students are relatively aware of the importance of applying the highest ethical standards that will promote and strengthen confidence in the integrity of the accounting and auditing profession in the future (Žager et al. 2015). According to Cheung et al. (2023), there is a need to pay more attention to the issues of integrity, independence, corruption and insider trading in professional ethics education.

Finally, a professional accountant shall comply with the principle of confidentiality and professional behavior (International Federation of Accountants 2024). Professional behavior goes beyond mere compliance with the law and involves evaluating moral and legal issues in an ethical context (Cameron and O’Leary 2015). However, it should be kept in mind that professional behavior, values and ethical standards depend on the values and ethical standards of the society in which the professionals operate and that these values are therefore highly influenced by cultural, religious and socio-economic aspects that make it difficult to achieve universality of ethical principles (Espinosa-Pike and Barrankua-Aroztegi 2014, 1127).

According to the research conducted in Croatia, which examined the influence of knowledge of the Code on the ethical behavior of accountants, it can be concluded that accountants who are well informed about the Code are more likely to act ethically (Ramljak et al. 2016). A similar survey was conducted in Montenegro among companies that have introduced a Code, and it found that the Code is widely respected and fully implemented (54% of respondents), so these companies have a strong ethical basis for making appropriate decisions (Lalević-Filipović and Drobnjak 2017, 310-315). In addition, Slovenian accounting services consider ethics to be very important for their professional activities, especially in recent years, as the number of ethics violations in Slovenia has increased. For example, 61.82% of the accounting services surveyed have been pressured by their clients, but none have given in to this pressure (Grivec 2014, 21). According to Rogošić and Perica (2022) affective professional commitment of accountants in business is positively related to the perceived importance of applying ethical accounting principles in practice. In addition, awareness of the implications of the Code also contributes to better application of ethical accounting principles. When examining the influence of knowledge of the Code on

ethical behavior, it can be assumed that accountants who are aware of the Code can act ethically (Todorović 2018).

2. METHODS

The aim of the research was to investigate the relationship between ethics and accountants and their views on the state of ethics in accounting in Bosnia and Herzegovina. We wanted to find out whether there is a relationship between accountants' knowledge of the Code, the exposure of ethically questionable actions in accounting, and the pressure on accountants' work and behavior in these examples. Based on the above research dealing with the Code, the basic research question of this thesis was formulated:

Is there a relationship between knowledge of the Code and the ability to recognize unethical situations in business?

This relationship was measured using the following indicators:

- a) Level of knowledge of the Code;
- b) Ability to recognize unethical situations in practice;
- c) Willingness to apply the Code in practice.

The indicators used to measure the unethical demands of managers are:

- a) The frequency, extent and purpose of requests by managers to act beyond legal regulations and norms;
- b) The degree of acceptance or non-acceptance of the manager's request;
- c) The extent to which management exposes itself;
- d) The extent to which unethical requests by managers who deviate from the Code are detected.

Each indicator is represented by a questionnaire with a series of statements through which it is operationalized. The survey, in which the questionnaires were sent to the respondents' email addresses, was conducted in the Federation of Bosnia and Herzegovina from January to June 2023. Accountants of the surveyed companies participated in the survey. It focused on medium and large companies due to the complexity of management structures and the greater likelihood of the existence of situations that are the subject of the survey. According to the Agency for Statistics of Bosnia and Herzegovina, the number of large companies in Bosnia and Herzegovina in 2022, broken down by sector of activity and company size, was 288, and the number of medium-sized companies was 1360 (Structural business statistics 2022). However, in terms of turnover, there are 666 medium-sized and 146 large companies (Bosnia and Herzegovina in figures 2023), which indicates significant differences in the number of large and medium-sized companies depending on the classification used. The questionnaire was sent to 130 addresses, of which data was collected for 71 companies. Due to limited data collection, a recall sample was used.

Statistical data processing was carried out using IBM SPSS Statistics, version 25. Results were expressed as number of responses and percentage (%) for categorical variables and as arithmetic mean and standard deviation as well as median and quartiles for numerical variables. The normality of the distribution of the values of the numerical variables was checked using the Kolmogorov–Smirnov test. The Spearman correlation

coefficient was calculated to test the acceptability of the relationship between knowledge of the Code and their ability to recognize unethical management requirements. The limit of statistical significance was set at $p=0.05$.

3. RESULTS AND DISCUSSION

In the sample analysis, the largest number of companies is active in trade. At the same time, the other activities offered are manufacturing, followed by construction and other service activities. Most companies are organized in the form of a limited liability company, more precisely 77.5% of the companies surveyed, and 80.3% are privately owned with predominantly domestic capital. The analysis of the representation of companies by the number of permanent employees shows that the majority of companies in the sample have up to 250 employees or fall into the class of 50 to 250 employees and account for 69% of the sample. There are slightly more medium-sized companies in the sample, namely 56.3%, while the remaining companies are large.

When analyzing the respondents themselves who belong to the profession of accountants, women (66.2%) between the ages of 25 and 50 (84.5%) with a college degree (90.2%) predominate, which gives us a picture of a typical representative of the profession of accountants in Bosnia and Herzegovina. More than half of the respondents have the title of certified accountant and work as an accounting manager or as an employee in the accounting department/sector (over 60% of the sample). According to the respondents' answers, only two of them do not apply the Code.

Respondents assessed their knowledge of the Code guidelines using a series of selected statements, which are shown in Table 1. The average ratings given by respondents are shown in Table 2.

Table 1. Selected statements about knowledge and behavior by the guidelines of the Code

| Code | Statement |
|--------|---|
| Smek3 | I know the provisions and guidelines of the Code |
| Smek5 | I can recognize unethical situations in business practice |
| Smek6 | I am ready to apply instructions for solving unethical situations according to the guidelines of the Code |
| Smek7 | During my career, I had to act unethically at times |
| Smek8 | In my regular business, I am continuously forced to act unethically |
| Smek12 | I am ready to apply the Code even if it would have a negative impact on my status in the company in the form of a salary reduction |
| Smek13 | I am ready to apply the Code even if it would have a negative impact on my status in the company in the form of dismissal and, job loss or engagement |

Table 2. Selected descriptive parameters for claims about knowledge and behavior by the guidelines of the Code

| Statement | Min | Max | M | SD | C | Q1 | Q3 |
|-----------|-----|-----|------|------|-----|-----|-----|
| Smek3 | 2 | 5 | 4,28 | ,86 | 4,0 | 4,0 | 5,0 |
| Smek5 | 2 | 5 | 4,35 | ,78 | 5,0 | 4,0 | 5,0 |
| Smek6 | 1 | 5 | 4,38 | ,90 | 5,0 | 4,0 | 5,0 |
| Smek7 | 1 | 5 | 2,52 | 1,47 | 2,0 | 1,0 | 4,0 |
| Smek8 | 1 | 5 | 1,80 | 1,26 | 1,0 | 1,0 | 3,0 |
| Smek12 | 1 | 5 | 4,04 | 1,15 | 4,0 | 3,0 | 5,0 |
| Smek13 | 1 | 5 | 3,76 | 1,25 | 4,0 | 3,0 | 5,0 |

Respondents gave the highest score to the statements "I am ready to apply instructions for solving unethical situations according to the guidelines of the Code" (Smek6) and "I can recognize unethical situations in business practice" (Smek5), indicating that respondents are aware of unethical situations and are willing to apply the Code in these situations. The lowest score or highest disagreement was expressed in the statements "In my regular business, I am continuously forced to act unethically" (Smek8) and "During my career, I had to act unethically at times" (Smek7), indicating that the majority of respondents have not experienced situations in which they were forced to act unethically.

Table 3 shows selected statements related to unethical management requirements and Table 4 shows the average ratings of the respondents.

Table 3. Selected statements about unethical management requirements

| Code | Statement |
|-------|--|
| Nezm5 | I was occasionally exposed to unethical demands from managers |
| Nezm6 | I am continuously exposed to unethical demands of managers in regular business |
| Nezm7 | I was exposed to threats from the manager to carry out unethical actions in accounting |
| Nezm8 | I accept the implementation of unethical management requirements without engaging in conflict |
| Nezm9 | I accept the implementation of unethical management requirements with a clear expression of disagreement |

Table 4. Selected descriptive parameters for claimson unethical management requirements

| Statement | Min | max | M | SD | C | Q1 | Q3 |
|-----------|-----|-----|------|------|-----|-----|-----|
| Nezm5 | 1 | 5 | 2,15 | 1,44 | 1,0 | 1,0 | 3,0 |
| Nezm6 | 1 | 5 | 1,77 | 1,30 | 1,0 | 1,0 | 2,0 |
| Nezm7 | 1 | 5 | 1,63 | 1,26 | 1,0 | 1,0 | 1,0 |
| Nezm8 | 1 | 5 | 1,58 | 1,14 | 1,0 | 1,0 | 2,0 |
| Nezm9 | 1 | 5 | 1,79 | 1,30 | 1,0 | 1,0 | 2,0 |

Respondents gave the highest score for the statement, "I was occasionally exposed to unethical demands from managers" (Nezm5). Respondents gave the lowest score for the statement "I accept the implementation of unethical management requirements without engaging in conflict" (Nezm8) and "I was exposed to threats from the manager to carry out unethical actions in accounting" (Nezma7). The interviewees are therefore unwilling to comply with unethical demands from management for personal gain.

The main research question of the paper is as follows: Is there a correlation between knowledge of the Code and the ability to recognize unethical situations in business? In order to investigate the said relationship, the correlation between the statements "I know the provisions and guidelines of the Code" (Smek3) and "I can recognize unethical situations in business practice" (smek5) was examined. The results obtained are shown in Table 5.

Table 5. Knowledge of the provisions and guidelines of the Code and the ability to recognize unethical situations in business practice

| | | I can recognize unethical situations in business practice(Smek5) | | | |
|--|--|--|-----------|-------|-------|
| | | Disagree | Undecided | Agree | Total |
| | | | | | |

| | | | | | |
|--|-----------|------|------|-------|--------|
| | Disagree | 2 | 2 | 0 | 4 |
| | | 2,8% | 2,8% | 0,0% | 5,6% |
| I know the provisions and guidelines of the Code (Smek3) | Undecided | 0 | 2 | 5 | 7 |
| | | 0,0% | 2,8% | 7,0% | 9,9% |
| | Agree | 0 | 3 | 57 | 60 |
| | | 0,0% | 4,2% | 80,3% | 84,5% |
| | Total | 2 | 7 | 62 | 71 |
| | | 2,8% | 9,9% | 87,3% | 100,0% |

Hi-kvadrat=48,061; p<0,001

A significant difference was found in recognizing unethical situations in business practice in terms of knowledge of the provisions and guidelines of the Code. More than $\frac{3}{4}$ of the respondents, 80.3% to be precise, indicated that they are aware of the provisions and guidelines of the Code and recognize unethical situations in business practice. Furthermore, when calculating the correlation coefficient between the analyzed statements, a significant, positive correlation was found between them (Spearman's $Rho=0.560$; $p<0.001$). This indicates a relationship between knowledge of the provisions and guidelines of the Code and their ability to recognize unethical situations in business practice. The sign of the obtained coefficient indicates that a better knowledge of the provisions and guidelines of the Code signifies a remarkable ability to recognize unethical situations in business practice and vice versa.

The relationship between the willingness to apply the guidelines of the Code (Smek6, Smek12 and Smek13) and the accountant's ability to resist pressure from managers to falsify accounting data (Smek8, Nezm5 and Nezm7) was also examined, i.e. the research question was posed: Is there a relationship between the willingness to apply the Code and the accountant's ability to resist pressure from managers to falsify accounting data.

The results obtained (Spearman's correlation coefficient and its significance) are shown in Table 6.

Table 6. The relationship between the willingness to apply the guidelines of the Code and the accountant's ability to resist pressure from managers to falsify accounting data

| | | Smek8 | Nezm5 | Nezm7 |
|--------|-----------------|-------|-------|-------|
| Smek6 | Spearman'srho | -,204 | -,025 | -,174 |
| | Sig. (2-tailed) | ,089 | ,835 | ,148 |
| | N | 71 | 71 | 71 |
| Smek12 | Spearman'srho | -,156 | ,064 | -,024 |
| | Sig. (2-tailed) | ,193 | ,596 | ,846 |
| | N | 71 | 71 | 71 |
| Smek13 | Spearman'srho | -,134 | ,081 | ,027 |
| | Sig. (2-tailed) | ,265 | ,503 | ,824 |
| | N | 71 | 71 | 71 |

** . Correlation is significant at the 0.01 level (2-tailed).

According to the results in Table 6, no significant correlation was found between the statements about the willingness to apply the Code regardless of the consequences and the statement examining the respondents' daily compulsion to act unethically.

To answer the research question, it can be said that there is a significant relationship between knowledge of the Code and the ability to recognize unethical situations in business. The study shows that a higher level of knowledge correlates positively with recognizing unethical practices, highlighting the importance of ethical education and awareness for accountants. This finding is consistent with broader theories of ethical decision making, which emphasize that ethical awareness and education improve professionals' ability to recognize and manage ethical dilemmas (Schwartz 2016). However, this knowledge does not necessarily translate into the ability to resist unethical pressures, suggesting areas for further research and practical interventions. The findings highlight the importance of ethical training and awareness programs in accounting (Chan and Leung 2006). Kaptein (2011) emphasizes that promoting a robust ethical culture in organizations can be a fundamental element in reducing unethical behavior. The lack of a significant relationship between knowledge and resistance to unethical pressures in this study underscores the need for organizational policies that empower accountants to act ethically. As Rest (1986) and Treviño et al. (2006) suggest, this requires not only individual ethical awareness, but also systemic changes in the way ethical practices are reinforced and rewarded. Institutions should prioritize ethics in their curricula to promote recognition and resilience to unethical demands.

CONCLUSION

Ethics play an essential role in accounting to ensure efficiency, integrity, accuracy, confidentiality and the presentation of accurate financial information for any organization. Numerous studies on the impact of education on future accountants indicate that accounting students who have received specialized ethics education are more sensitive to ethical issues in a professional scenario (Chan and Leung 2006). In addition, cultural differences, religious beliefs, age and gender also play a significant role in research on ethical decision making (Chan and Leung 2006; Clements et al. 2009; Ho 2009). Previous research has shown that the presence and enforcement of codes of ethics are associated with higher levels of ethical behavior (Sirgy et al. 2005). Therefore, this study examines the relationship between knowledge of the Code and the ability to recognize unethical situations in business. The research findings indicate a strong relationship between knowledge of the Code and the ability to recognize unethical situations in business. Accountants who are well informed about ethical principles show a higher sensitivity to unethical behavior, which is consistent with previous studies emphasizing the role of ethical education in improving professional judgment. However, the lack of a significant correlation between willingness to comply with the Code and resistance to pressure from management highlights the potential challenges of implementing ethical practices. This could be due to corporate culture, fear of retaliation or inadequate support systems for whistleblowers. The study on the relationship between knowledge of the Code and the ability to recognize unethical situations provides important insights into the ethical practices of accountants in Bosnia and Herzegovina.

However, like any research, it has its limitations and offers opportunities for further exploration. This section outlines the main limitations of the study and provides recommendations for future research. One of the limitations of the study is the sample size. The study was conducted with a sample of only 71 companies. While the findings are valuable, the limited sample size may not fully reflect the diversity of business sectors and ethical practices in Bosnia and Herzegovina. A larger sample would provide more robust and generalizable results. There is also the question of geographical scope. The research was limited to the Federation of Bosnia and Herzegovina. Consequently, the results may not represent the entire country, including the Republic of Srpska and Brčko District. Regional differences in ethical practices and cultural norms could influence the results. The use of questionnaires as the primary data collection method introduces potential bias, even though this was the only option for data collection under the circumstances, given the scope and data available. Respondents might provide socially desirable answers, especially when it comes to sensitive topics such as unethical behavior (KPMG 2013). Relying on self-reporting to assess respondents' knowledge and behavior may not accurately reflect their actual practices. Such assessments are susceptible to overestimation or underestimation (Chan and Leung 2006). In addition, the study did not examine in depth the role of organizational culture in shaping ethical behavior. Internal policies, leadership styles, and workplace dynamics can significantly influence an accountant's willingness and ability to adhere to ethical standards (Espinosa-Pike and Barrainkua-Aroztegi 2014). In terms of recommendations for future research, an expansion of the sample would be desirable. Future studies should include a more extensive and diverse sample of companies, including different sectors and regions. Extending the research to the Republic of Srpska, Brčko District, and neighboring countries would provide a broader perspective and improve the generalizability of the results. Future research should also include other qualitative approaches such as interviews and focus groups. These methods would provide a deeper understanding of the motivations, challenges and contextual factors that influence ethical decision-making (Lalević-Filipović and Drobnjak 2017). Conducting comparative studies across different regions within Bosnia and Herzegovina as well as with neighboring countries such as Croatia, Serbia and Montenegro could reveal regional and cultural differences in ethical practices (Ramljak et al. 2016). Future research should investigate the influence of organizational culture on ethical behavior. Factors such as leadership support, whistleblowing mechanisms and organizational policies regarding ethical behavior could be investigated (Todorović 2018). Given the results of the study on the importance of knowledge of the Code, further research could focus on the effectiveness of ethics education and training programs. Longitudinal studies could examine how such programs improve ethical sensitivity and resilience over time (Cameron and O'Leary 2015; Žager et al. 2019). Future studies could examine the long-term effects of unethical practices on organizational performance, employee morale, and organizational reputation. Understanding these consequences could emphasize the importance of adhering to ethical principles (Sirgy et al. 2005). Research could investigate the impact of familiarity with other ethical frameworks and standards besides the Code. This would help to identify best practice and potential areas of improvement for ethical guidelines (Clements et al. 2009).

In summary, while the study provides valuable insights into the relationship between accountants' ethical knowledge and behavior, addressing these limitations and

pursuing the recommended avenues for research would deepen our understanding of ethical practices in the accounting profession. Expanding the scope of future studies, incorporating different methodologies, and exploring contextual factors will help to develop more effective strategies to promote ethical behavior in the accounting profession.

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