



# Accounting professionals' perceptions of accounting culture and fraudulent financial reporting in the age of sustainability: Case of Istanbul province



 Muhammet Kayisi <sup>(a)</sup>  Tamer Aksoy <sup>(b)\*</sup>

<sup>(a)</sup> School of Graduate Studies, Ibn Haldun University, Ordu Cad. No:3, 34480 Basaksehir, Istanbul, Türkiye

<sup>(b)</sup> Professor of Accounting and Finance, School of Business, Ibn Haldun University, Ordu Cad. No:3, 34480 Basaksehir, Istanbul, Türkiye

## ARTICLE INFO

### Article history:

Received 11 May 2024

Received in rev. form 22 Sept. 2024

Accepted 07 December 2024

### Keywords:

Accounting Culture, Fraudulent Financial Reporting, Financial Statement Fraud, accounting professionals, Auditing

### JEL Classification:

M14, M41, M42

## ABSTRACT

This study mainly aimed to examine the perceptions of Accounting Professionals-APs (Certified Accountant, Certified Public Accountant, Sworn-in Certified Public Accountant) working in Istanbul on accounting culture and fraudulent financial reporting. It also aimed to investigate whether there is a significant relationship between APs' perceptions of accounting culture and fraudulent financial reporting, and whether these perceptions differ according to demographic characteristics. Methodologically, a descriptive online survey method covering a questionnaire was applied to collect data. The sample consisted of 314 APs operating in Istanbul. Data were analyzed with SPSS-22. The study revealed that there is a significant relationship between the perceptions of APs on accounting culture and fraudulent financial reporting. It also indicated that these perceptions differ according to demographic characteristics. In the light of subvalues of accounting culture, the perceptions of "The Flexibility of Accounting Culture versus Uniformity" and Professionalism versus Status quo" vary according to the gender. In this respect, it was determined that female professionals exhibited more professionalization and uniformity tendencies than men, while male professionals exhibited more flexibility and status quo tendencies compared to women. Furthermore, it was understood that other demographic characteristics (age, years of service, education level, title, number of clients) are not effective variables on the accounting culture perception. On the other hand, it was found that the perceptions of APs on fraudulent financial reporting differ according to demographic characteristics (such as gender, age, years of service and title), however, it does not differ according to the number of customers and education level. In other words, those characteristics do not have any effect on the perception of fraudulent financial reporting.

© 2024 by the authors. Licensee Bussecon International, Istanbul, Turkey. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution 4.0 International license (CC BY) (<http://creativecommons.org/licenses/by/4.0/>).

## Introduction

Accounting culture is the set of values, beliefs and norms in the financial reporting processes of a business. This culture affects how a business presents and manages its financial information and includes fundamental accounting ethical principles such as integrity and honesty, independence and objectivity, due professional care and attention, transparency, secrecy, accountability, secrecy, and professional competence and compliance with technical standards (Chanchani & Willet, 2004). Accounting professionals (Certified Accountant, Certified Public Accountant, Sworn-in Certified Public Accountant) play a key role in creating and maintaining accounting culture.

The scandals that emerged in Enron in US in 2001 became widespread globally. Various factors played a role in the formation of these scandals with global impact, which are also called accounting and auditing scandals all over the world. In addition to others, damage to the values of accounting culture and the disruption of the balance that should exist between the sub-values of accounting

\* Corresponding author. ORCID ID: 0000-0001-7497-6549

© 2021 by the authors. Hosting by Bussecon International Academy. Peer review under responsibility of Bussecon International Academy.

<http://dx.doi.org/10.36096/brss.v6i3.718>

culture and fraudulent financial reporting were among the most important reasons for global scandals. During the formation process of the scandals, accounting ethical principles for accounting culture were persistently violated and abandoned through conscious and deliberate fraudulent financial reporting (Aksoy, 2005). These factors have also had the effect of endangering the sustainability of many leading businesses.

Similarly, intentional behaviors that are incompatible with accounting culture and constitute a violation of accounting culture were also become widespread in the period of scandals. Accounting culture and its sub-values, that is, “*conservatism versus optimism*”, “*transparency versus secrecy*”, “*flexibility versus uniformity*”, “*professionalism versus status quo*” (Gray, 1988) were negatively affected in the process of scandals. The deliberate and uncontrolled disruption of the balance that should exist between the sub-values of accounting culture was another fundamental reason for global scandals.

As a result, multidimensional losses and many negative effects were experienced all over the world following the scandals, and a great distrust was created towards all relevant stakeholders covering accounting practices and the financial reporting of companies. Due to the damage to accounting culture values, and especially the disruption and loss of balance in the sub-values of accounting culture mentioned above and the widespread use of fraudulent financial reporting, the accuracy, reliability, consistency and transparency of financial information and financial reporting have become uncertain and pose great risks<sup>1</sup> (Chanchani & Willet, 2004).

The Sarbanes-Oxley Act was enacted in the United States in 2002 (SOX, 2002), brought multilateral and strict detailed provisions and regulations to the agenda to cover all stakeholders in order to eliminate the causes of global scandals (Saglam & Aksoy, 2020). Reestablishing and maintaining the balance between accounting culture and the sub-values of accounting culture, and preventing fraudulent financial reporting, along with other measures to eliminate the causes of scandals, gained special importance after SOX (Denkdemir & Aksoy, 2024). In addition, the fact that these issues are included in various regulations parallel to SOX, international accounting/auditing/financial reporting standards, and the COSO internal control model has further increased the importance of preserving accounting culture and ensuring balance in accounting culture and preventing fraudulent financial reporting (COSO, 2013). As a result of the SOX, the need for corporate governance, reliable information, international standards/regulations, reliable financial reporting and transparency, and maintaining sustainability as well as the need to comply with accounting culture and accounting values and to avoid fraudulent financial reporting has increased significantly all over the world (Aksoy & Aksoy, 2020).

This study mainly aimed to examine the perceptions of accounting professionals working in Istanbul on accounting culture and fraudulent financial reporting. It also aimed to investigate whether there is a significant relationship between accounting professionals’ perceptions of accounting culture and fraudulent financial reporting, and whether these perceptions differ according to demographic characteristics.

Fraudulent financial reporting was also one of the main causes of scandals as mentioned above. Studies have shown that due to the organizational structure affected by the social culture. Therefore, the use of fraudulent financial reporting practices contrary to accounting values has increased in scandals, accompanied by factors such as conflicts of interest among stakeholders, damage to accounting culture and its sub-values, weak accountability, dysfunctional boards of directors, lack of corporate governance, ineffective and dysfunctional internal control system, weak supervision, auditing, etc. (Dunn, 1999). In conclusion, fraudulent financial reporting, which is an unethical and bad accounting practice have been widely used in the creation of scandals.

Considering the limited number of studies on accounting culture and the different results it has produced, it was deemed worthwhile to examine the relationship between the perceptions of accounting professionals towards accounting culture and their perceptions towards financial statement frauds in the province of Istanbul. In the study, Istanbul province and the accounting professionals working in Istanbul were selected because Istanbul has the largest number of accounting professionals operating.

Methodologically, a descriptive online survey method covering a questionnaire covering an accounting culture scale developed by Chanchani and Willet (2004) and also a fraudulent financial reporting scale developed by Khaligova (2019) and Kutlu (2020) was applied to collect data. The sample consisted of 214 accounting professionals operating in Istanbul. Data were analyzed with SPSS-22.

The research model was created to reveal the perceptions of accounting professionals working in Istanbul on accounting culture and fraudulent financial reporting in terms of demographic characteristics. The basic hypotheses of our research within the scope of the thesis were created as follows: With the main hypothesis of the research, H1 hypothesis, it was examined whether there is a significant relationship between the accounting culture and fraudulent financial reporting perceptions of accounting professionals; with the hypotheses between H2–H5, whether there is a significant relationship between the accounting culture sub-dimensions and their perceptions of fraudulent financial reporting; with the hypotheses between H6–H11, whether the perceptions of fraudulent financial reporting change according to demographic characteristics; with the hypotheses between H12–H35, whether the perceptions of accounting culture sub-dimensions change according to demographic characteristics.

---

<sup>1</sup> For further information about the risks and risk classification in more detailed, please see (Aksoy, 2018).

The study consists of four sections. The first part includes the introduction. In the second chapter, basic concepts, conceptual and theoretical background about accounting culture and sub-dimensions of accounting culture, fraudulent financial reporting and other related points are briefly introduced. Hofstede-Gray's theoretical model and studies in the literature are also contained in this part. The third section covers the methodology, research and an application on the perceptions of accounting professionals towards accounting culture and fraudulent financial reporting, aim of the research, research method/model, the scale used, population, data, sample, data collection, hypotheses and limitations. The fourth part consists of statistical analysis and findings. The study ends with the conclusion and the reference list.

## **Literature Review**

### **Conceptual and Theoretical Background**

#### **The Concept of Culture, Individual, Social and Organizational Culture**

Culture, which is one of the factors that affect the accounting system of a country is defined as the totality of all material and spiritual values created in the historical, social development process and the tools used to create and transmit these to future generations, showing the extent of human sovereignty over the natural and social environment (TDK, 2023). Culture was first defined in 1871 by the British anthropologist Edward Burnett Tylor, the founder of cultural anthropology, at the end of the 19th century. According to Tylor, culture includes a multidimensional complex structure. Tylor defined culture as a complex whole of beliefs, moral values, traditions, behaviors, artistic knowledge, legal knowledge, habits and skills acquired by the individual as a part of the society he/she is a part of (Tylor, 1920). The elements that form the character of individuals and societies also constitute social culture (Yılmaz & Şahin, 2018). There is a complex relationship between individual, social and organizational culture. These three types of culture interact with each other and create a certain behavior, thought and culture system by affecting each other (Haviland, 2008).

Culture is a tool for the individual, and while creating his/her own culture, the individual is affected by the organizational and social culture in which he/she lives. There is no individual who is not affected by culture and does not change. Culture is also defined as a multidimensional and complex factor that enables the individual to realize that in addition to his/her thinking, behavior and problem-solving style, he/she is also affected by a number of very different factors such as the planning of cities, the organization of communication systems, commercial systems and state systems (Belkaoui, 2007).

#### **Interaction of Culture and Accounting**

Accounting professionals have an important role in the accuracy, reliability and transparency of financial information of businesses. Their responsibilities are affected by professional competence and technical knowledge as well as accounting values and professional behavior standards and social, individual and organizational culture. In this direction, culture affects accounting to a certain extent. In other words, culture is one of the important environmental determinants that effect the accounting system and reach decisions in accounting transactions (Perera, 1989).

As can be seen from the Table 1 below, the components that constitute culture, the factors, the sub-dimensions of culture and the corporate culture that individuals identify with; affect corporate behaviors at the micro level and the cognitive reactions, moral values and ways of thinking of individuals when they encounter accounting practices (Belkaoui, 2007).

#### **Accounting Culture and Hofstede-Gray's Theoretical Model**

Accounting culture is the set of values, beliefs and practices that businesses adopt in the production of financial information and reporting processes. An effective accounting culture ensures that the financial information of the business is produced and presented in an accurate, transparent and reliable manner. The sub-dimensions of accounting culture include the basic elements that shape accounting practices (Chanchani & Willet, 2004).

In the literature, the first studies on social culture and cultural dimensions were put forward by Hofstede. Hofstede initially put forward four cultural dimensions such as Individuality-Collectivity; Power distance; Uncertainty Avoidance; Masculinity-Femininity (Hofstede, 1980). And later he increased the number of cultural dimensions to seven in his joint studies with other academics. Those seven cultural dimensions are as follows: Individuality- collectivity, power distance, uncertainty avoidance (rigidity/ flexibility), masculinity-femininity; tolerance versus repression, long-term versus short-term orientation, monumentalization versus flexibility (humility- self-effacement), (Hofstede, 2011; Hofstede& Minkov, 2010).

**Table 1:** The Impact of Culture on Accounting

<b>Culture</b>			
<b>Environmental Culture Elements</b>		<b>Dimensions of Culture</b>	
Language, Values and Attitudes, Belief, Laws, Education, Political Structure, Technology		Power Distance, Individualism-Collectivism, Uncertainty Avoidance, Masculinity-Femininity	
<b>Organizational Structure</b>	<b>Cognitive Functions</b>	<b>Micro Organizational Behavior</b>	<b>Accounting Environment</b>
<ul style="list-style-type: none"> <li>• Hierarchical</li> <li>• Protectionist</li> <li>• Evaluation System</li> <li>• Reward System</li> </ul>	<ul style="list-style-type: none"> <li>• Object Design</li> <li>• Spatial Design</li> <li>• Intelligence</li> </ul>	<ul style="list-style-type: none"> <li>• Cognitive style</li> <li>• Management attitude</li> <li>• Motivation</li> <li>• Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Perceiving accounting information</li> <li>• Sharing information</li> <li>• Perceiving opportunities</li> <li>• <i>Accounting culture and its sub-values/dimensions</i> <ul style="list-style-type: none"> <li>o <i>Conservatism/ Optimism</i></li> <li>o <i>Secrecy/ Transparency</i></li> <li>o <i>Flexibility/ Uniformity</i></li> <li>o <i>Professionalism/ Status quo</i></li> </ul> </li> </ul>
<b>Accounting Decision Making Process</b>			

**Source:** (Belkaoui, 2007)

Following Hofstede's academic studies, Gray (1988), in his article titled "Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally", argued that there is a direct interaction between culture and accounting practices. Gray developed a new theoretical model that he called "subcomponents of accounting culture values" by associating the dimensions of culture put forward by Hofstede with accounting practices and considering them together. The theoretical framework, which has extremely limited empirical testing, has become the most pioneering model in its field. Additionally, his theoretical framework is often referred to as the Hofstede-Gray Model in the literature. Gray argued that accounting culture and values are a subcomponent of social culture and social values. He developed four accounting culture sub-values in his theoretical model by making use of the subcultural dimensions stated in Hofstede's studies (Kiyimik, 2015; Gray, 1988).

The four new accounting culture sub-values revealed by the Hofstede-Gray model are under the title below.

**Accounting Culture Sub-Values in Hofstede-Gray's Model**

**Conservatism Versus Optimism**

One of the important sub-dimensions of accounting culture is the balance between conservatism and optimism. Conservatism refers to the attitude of the accounting professional who tends to avoid risk, while optimism refers to the tendency to take risks. A balanced approach means taking into account possible uncertainties and risks, making realistic estimates, and taking advantage of potential growth investment opportunities for sustainability. This dimension expresses the approach adopted in accounting practices against uncertainty and risks. While the behavior of being prepared for possible uncertainties that may be encountered is considered as 'conservatism', the situation of taking a risk-taking attitude against uncertainties is evaluated as 'optimism' (Chanchani & Willet, 2004). In other words, conservatism represents a more cautious and conservative approach in accounting records and reporting, while optimism represents a more courageous and risk-averse approach. The balance between these two approaches is of great importance in terms of the reliability and accuracy of financial information and the evaluation of growth-oriented investment opportunities, specially in sustainability era. In this accounting culture sub-dimension, the measurement techniques of assets and profits are taken into consideration (Kiyimik, 2015; Douppnik & Riccio, 2006).

In the optimism sub-dimension, the approach expressed in the economy as "laissez-faire" is dominant. The thesis that 'the higher the level of protection from uncertainty in states, the higher the level of conservatism' is widely accepted (Gray, 1988). Optimistic accounting systems are more liberal, open to risk, and optimistic about possible new situations; while conservative accounting systems prefer more consistent measurement methods to avoid uncertainty and have a risk-averse attitude. In the conservatism sub-dimension, the worst possible possibility is taken into consideration. In organizations that use accounting systems with high conservatism, there is a strong dependence on classical measurement techniques (Choi, 2002).

The basic characteristics and some examples of accounting practices for the conservatism and optimism sub-values of accounting culture are presented in the table below.

**Table 2:** Basic characteristics of accounting culture sub-values of conservatism and optimism

Conservatism	Optimism
<ul style="list-style-type: none"> <li>• Considering the worst possible scenario</li> <li>• Recording assets to avoid losses from risks</li> <li>• A cautious approach to uncertainty and risks</li> <li>• Reflecting uncertainty and risks in financial statements</li> <li>• Taking precautions for protection during evaluation stages</li> <li>• Overestimating expenses and liabilities in light of possible risks</li> <li>• Giving importance to the impact of tax legislation on accounting transactions</li> <li>• Lower valuation of revenues and assets</li> <li>• The positive contribution of balanced conservatism to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Adopting a more positive approach in accounting records and reporting</li> <li>• More courageous evaluation of potential opportunities</li> <li>• Reflecting potential developments in financial statements</li> <li>• Higher valuation of revenues and assets</li> <li>• Lower valuation of expenses and liabilities</li> <li>• Acting courageously in potential growth and investment opportunities</li> <li>• More optimistic presentation of financial statements</li> <li>• Ignoring potential risks and not evaluating them sufficiently</li> <li>• The positive contribution of balanced optimism to sustainability</li> </ul>

Source: (Gray, 1988; Chanchani & Willet, 2004; Choi, 2002)

### Secrecy Versus Transparency

According to Gray, another important sub-dimensions of accounting culture is the balance between secrecy and transparency. The balance between these two approaches ensures that businesses both protect the confidentiality of information and are transparent in providing the necessary information to stakeholders (Chanchani & Willet, 2004). The secrecy dimension is related to activities to avoid uncertainty, which includes ensuring security and preventing conflict and destructive competition. Secrecy is related to the stage of disclosing information (Doupnik & Riccio, 2006). Secrecy refers to financial information being accessible only to authorized persons and protecting sensitive information, while transparency refers to financial information being complete, clear, understandable and accessible to all stakeholders. Secrecy is also related to the attitude of maintaining power by limiting access to information and keeping a distance (Gray, 1988). While societies with high levels of secrecy have restrictions on presenting economic information to the public, in societies where transparency is effective, information and reports presented to the public are clear and understandable (Ozturk, 2015).

The basic characteristics of accounting practices regarding the secrecy and transparency sub-values of accounting culture are presented in the table below.

**Table 3:** Basic characteristics of accounting culture sub-values of secrecy and transparency

Secrecy	Transparency
<ul style="list-style-type: none"> <li>• Sensitivity in protecting business'confidential financial information and trade secrets</li> <li>• Inability to access information except authorized persons</li> <li>• Secure information management</li> <li>• Confidentiality agreements with stakeholders and employees, and legal compliance</li> <li>• The positive impact of balanced secrecy on sustainability</li> <li>• Restriction of information flow to stakeholders</li> <li>• Decrease in transparency and stakeholder trust in the business</li> <li>• Difficulty in decision making</li> <li>• The positive impact of balanced secrecy on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Access to financial information by all stakeholders</li> <li>• Openness and clarity in financial information:</li> <li>• Correct decision making</li> <li>• Effective information sharing with internal and external stakeholders</li> <li>• Increased stakeholder trust</li> <li>• Information security risk</li> <li>• Increased accountability</li> <li>• Additional cost increase</li> <li>• Strategic information sharing risk and competitive disadvantage</li> <li>• The positive impact of balanced transparency on sustainability</li> </ul>

Source: (Gray, 1988; Choi, 2002; Chanchani & Willet, 2004)

### Flexibility Versus Uniformity

Another important sub-dimensions of accounting culture is the balance between 'flexibility and uniformity'. Flexibility refers to the ability to adapt to changing conditions and needs, while uniformity refers to the observance of standardized, unchanging rules and procedures in accounting transactions and reporting. The existence of a balance between those sub-dimensions increases the consistency and reliability of accounting practices, while facilitating innovation and adaptation to changing environmental conditions. In other words, maintaining this balance indicates that accounting professionals provide reliable, transparent financial information to

all internal and external stakeholders of the business, and that it is also possible to establish an innovative and dynamic accounting system (Gray, 1988).

On the other hand, uniformity refers to the implementation of uniform accounting transactions between companies and a preference for these transactions to be handled consistently over time in accordance with the felt conditions of individual companies. The higher the level of uniformity preferred in an accounting system, the lower the degree of professional decisions will be. In countries where a highly uniform accounting system is implemented, the degree of application of accounting rules/procedures will also increase. Uniformity emphasizes that a single accounting system should be valid so that accounting schedules from different periods can be compared during the process. In flexibility, each company can define and develop its own accounting practices and schedules (Choi, 2002).

The basic characteristics of accounting practices regarding the flexibility and uniformity sub-values of accounting culture are presented in the table below.

**Table 4:** Basic characteristics of accounting culture sub-values of flexibility and uniformity

Flexibility	Uniformity
<ul style="list-style-type: none"> <li>• Exploiting investment and growth opportunities in new developments</li> <li>• Flexibility for change and innovation while complying with standards in core accounting policies</li> <li>• Difficulty in comparing financial information</li> <li>• Increased risk of inconsistencies due to different accounting practices</li> <li>• Need for proactive risk management strategy to balance flexibility and uniformity</li> <li>• Positive impact of balanced flexibility on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Standardization in accounting processes</li> <li>• Compliance with standards and rules in financial reporting and accounting transactions</li> <li>• Increased compliance with legal regulations</li> <li>• Consistency in accounting policies and practices</li> <li>• Comparability of financial statements</li> <li>• Increased Accountability</li> <li>• Ensures that information is comparable.</li> <li>• Increased reliability and transparency of financial information</li> <li>• Inability to benefit from innovation and innovations</li> <li>• Difficulty in adapting to innovations and change</li> <li>• The positive impact of balanced uniformity on sustainability</li> </ul>

**Source:** (Gray, 1988; Choi, 2002; Chanchani & Willet, 2004)

### Professionalism Versus Status Quo

Another important sub-dimension of accounting culture is the balance between professionalism and status quo. This sub-dimension refers to accounting values, accounting norms and application authorities (Doupnik & Riccio, 2006). It is the dimension in which the level of influence of higher authorities should be taken into consideration when performing accounting process steps. Professionalism refers to the maintenance of accounting practices based on high ethical standards, competent expert knowledge and continuous professional development (Gray, 1988). This sub-dimension predicts that accounting professionals fulfill the responsibilities required by the profession at high standards and continuously improve themselves. Status quo requires accounting professionals to strictly adhere to existing regulations, standards, procedures, rules and traditions while performing their jobs. Status quo predicts that existing practices should continue as they always have been and presents an appearance closed to innovation/change and different practices (Chanchani & Willet, 2004).

In other words, while professionalism emphasizes ethical standards, expert knowledge and continuous development in accounting practices, what is meant by status quo is to strictly adhere to existing rules and traditions. The balance between these two approaches ensures that accounting practices are both innovative and dynamic, as well as consistent and reliable. In cultures where professionalization is high, accounting professionals are more likely to use their own decision-making authority in business processes and to have high levels of self-sufficiency.

In contrast, in cultures where professionalization is low, the expectation that final decisions will be made by authorities is dominant. While developed countries support accounting systems that emphasize professionalization and are self-sufficient, in others, the expectation is that the highest-level authorities will make regulations regarding accounting systems (Varici & Ozdemir, 2013).

The basic characteristics of accounting practices regarding the professionalism and status quo sub-values of accounting culture are presented in the table below.

**Table 5:** Basic characteristics of accounting culture sub-values of professionalism and status quo

<b>Professionalism</b>	<b>Status quo</b>
Increased accountability and responsibility	Consistency, trust and low risk accounting practices
Increased compliance with professional ethics	Strict adherence to familiar accounting rules and procedures
Increased competence in accounting	Continuity of traditional methods and practices.
Increased reliability and transparency of financial reporting	Easy auditing based on standard practices
Continuous development of professional knowledge and skills	Resistance to innovations and changes
Encouragement of innovative accounting practices	Risk of blocking innovative and modern accounting practices
Increased resistance to change	Difficulty in adapting to changing business and market conditions
Increased costs related to continuous education and development	Negative impact on competitiveness.
The positive contribution of balanced Professionalism to sustainability	Professionalism and Status Quo Balance contributes positively to sustainability

**Source:** (Gray, 1988; Chanchani & Willet, 2004; Choi, 2002)

### **Fundamental Accounting Ethical Principles**

The concept of ethics is a phenomenon that comes to the agenda in a very wide scope, especially among individuals, organizations and employees in corporate businesses. It is possible to define ethics as a whole of the basic moral criteria (truthfulness, honesty, impartiality, reliability, keeping secrets, protecting honor and reputation, good faith, politeness, tolerance, conscience, mercy, justice, fairness, responsibility, soberness, sharing, independence, keeping one's word, loyalty, fidelity, respect, empathy/concern for others, perfectionism, accountability, etc.) that a person uses in his/her behaviors and takes into account when distinguishing right from wrong. Ethics has a special importance in the field of accounting, as in every field. Accounting professionals also have to practice their profession in accordance with professional ethical principles, since they perform a function with social responsibility. Compliance with ethical principles has a multifaceted effect on increasing the added value for all stakeholders of the business (Aksoy, 2006a).

Accounting professionals must comply with the fundamental ethical principles and code of conduct for professional accountants established by the International Ethics Standards Board for Accountants-IESBA (IESBA, 2024), the international professional organization for accounting professionals. These basic ethical principles are as follows: Integrity and honesty, one of the sub-dimensions of accounting ethical values, means that accounting practices are carried out in a truthful, accurate and honest manner. This dimension increases the reliability of financial information and helps stakeholders make the right decisions. Independence and objectivity means that accounting professionals work objectively and impartially, independent of internal and external pressures.

Accountability means that accounting professionals and business management take responsibility and are held accountable for their financial reporting processes and actions, while also increasing the trust of internal and external stakeholders and protecting the reputation of the business. Due professional care and attention refers to the necessity of professional accountants to show utmost care and attention while performing their duties. Transparency, which can be defined as presenting financial information in a clear, understandable and accessible manner, ensures that the financial status and performance of the business are understood clearly, concisely and precisely by all stakeholders. Transparency is the quality of being easily seen through, while transparency in a business or governance context refers to being open and honest. Secrecy refers to the confidentiality of information that accounting professionals acquire and become aware of while performing their duties. Professional competence and compliance with professional technical standards means that accounting professionals must have professional competence and comply with professional technical standards (Aksoy, 2006a; Chanchani & Willet, 2004).

Moving away from compliance with ethical principles has been one of the factors that have led to the tendency towards fraudulent financial reporting. After the scandals, it has become even more essential to establish a high ethical culture in order to detect fraudulent financial reporting, plan deterrent measures and prevent fraud, and to protect and disseminate ethical culture (Çıtak, 2013).

### **Fraud and Risk Factors of Fraud**

Fraud is defined in the dictionary as any kind of scheme, trick or mischief performed to deceive or mislead someone, or as the abuse of a duty or authority or irregularity in order to gain benefit (TDK, 2024). The main difference between fraud and error is that fraud is committed intentionally. In accounting terms, fraud is the intentional and irregular false and erroneous recording of a business's assets, resources, financial reporting and sub-detail accounts with the aim of providing unfair advantage and benefit to an employee. It is more difficult to detect fraud than to find an error because an error involves unintentional mistakes, while fraud involves masking and deliberately hiding something. Today, increasingly developing technology has also affected fraud techniques and has led to the emergence of large-scale frauds. Therefore, in the digital age we are in, the importance of managing fraud risk and fraud risk components has increased greatly in terms of achieving goals and ensuring sustainability (Aksoy & Uzay, 2021).

The changes, new trends, developments, technologies, strategies and digital tools experienced in the age of digital and big data have made it necessary to monitor and manage all the risks of the business much more meticulously and effectively than before (Aksoy & Hacıoglu, 2021).

Those who perform fraudulent accounting transactions in companies commit these frauds with various methods and intentions. Frauds are practices that make companies' situations seem more positive or more negative than they actually are, practices carried out in the interest of company managers against third parties during the recording of assets and resources and during the preparation of financial statements. Those who are usually harmed by fraud are partners, shareholders, creditors, lenders and even the company itself in some cases. Frauds can be committed for different purposes beyond tax avoidance. For example; a company that is losing money may try to make its situation seem more positive than it really is by making various changes to the balance sheet in order to get a loan. In this example, the company deceives the creditor institution with fraud. To give another example, company managers may resort to frauds that will make the company seem more profitable than it is with the intention of obtaining more additional funds or hiding unsuccessful work from its partners (Kiyimik, 2015; Khaligova, 2019).

Fraud Risk Factors for a corporate business are shown in the detailed table below.

**Table 6:** Fraud Risk Factors for a Corporate Business

<b>I-Fraud Risk Factors Related Business Management</b>	<b>VI-Operational &amp; Financial Status-Related Risk Factors</b>
<ul style="list-style-type: none"> <li>Owners' status and control dynamics</li> <li>Risks associated with company founders holding key roles such as CEO/President</li> <li>Level of influence of the board on management</li> <li>Board of directors with insufficient independent members</li> <li>No significant external shareholders</li> <li>Lack of audit committee</li> <li>Insufficient number of audit committee meetings</li> <li>Possibility of insider trading</li> <li>Relative ties between managers and officers</li> <li>High concentration of stocks in insider ownership or inexperienced managers</li> <li>Extraordinary fluctuations in share prices</li> <li>First CEO or CEO or managers/employees to be long-term in the business</li> </ul>	<ul style="list-style-type: none"> <li>Complex and Complicated organizational structure</li> <li>Assets, liabilities, revenues, and expenses based on significant estimates with high uncertainty</li> <li>Inability to generate cash flow despite increased earnings</li> <li>Record Irregularities and lack of auditing</li> <li>Close ties between management and current/previous auditors</li> <li>High sensitivity to interest rate changes</li> <li>Unusual rapid profitability or growth relative to peers</li> <li>Pressure to increase capital to remain competitive</li> <li>Threat of business shutdown</li> <li>Motivational factors that lead management to take fraud risk</li> <li>Debt dependency and difficulty in debt repayments</li> <li>Adverse effects on borrowing due to poor financial results</li> <li>Negative effects on borrowing due to weakness of financial results</li> <li>Owners or directors personally guaranteeing significant business debts</li> </ul>
<ul style="list-style-type: none"> <li><b>II-Management's characteristics&amp; impact on control environment</b></li> <li>Management's excessive risk appetite</li> <li>Managerial inexperience</li> <li>Internal conflict of interest within the business or among staff</li> <li>Management's poor reputation in the business sector</li> <li>Excessive exchange of ideas with clients</li> <li>Commitment overload and burdensome business obligations</li> <li>Illegal practices by customer firm's staff</li> <li>Lifestyles inconsistent with managerial status</li> <li>Senior management's attitude toward the audit team</li> <li>Insufficiently controlled decentralized structures</li> <li>Lack of management's integrity and honesty</li> </ul>	<ul style="list-style-type: none"> <li>VII- Evaluation phases of risk factors of the client</li> <li>Stage of client acceptance,</li> <li>Process of audit planning</li> <li>Process of reviewing previous period financial statements and audit reports</li> <li>In all stages until the audit opinion is reached</li> </ul>
<ul style="list-style-type: none"> <li><b>III-Fraud Risk Factors Related Internal Control</b></li> <li>Close relations between internal auditors and management.</li> <li>Control and oversight weaknesses leading to incomplete reporting</li> <li>Internal auditors' professional competence and experience</li> <li>Quality and integrity of senior management's internal control reports</li> </ul>	<ul style="list-style-type: none"> <li><b>VIII-Methods flagging risk factors in the decision to continue client acceptance</b></li> <li>Five-point risk scale (1= lowest, 5= highest) as a risk level rating tool</li> <li>Checklist where risk factors are flagged</li> </ul>
<ul style="list-style-type: none"> <li><b>IV-Fraud risk factors related to financial performance</b></li> <li>Management's excessive risk appetite</li> <li>Risk related to asset composition (e.g. an excessively high share of equities, commodities, receivables and current assets in total assets)</li> <li>Financial ratio analysis indicating anomalies</li> <li>Low investment turnover</li> </ul>	<ul style="list-style-type: none"> <li><b>IX-Assessment methods for fraud during the audit planning phase</b></li> <li>Ranking fraud risk factors as low, medium, or high</li> <li>Marking the factors with examples and mark them as yes/no</li> </ul>
<ul style="list-style-type: none"> <li><b>V-Sectoral Risks</b></li> <li>Increased business failures or falling customer demand</li> <li>New regulatory requirements that negatively impact financial condition and profitability</li> <li>Sudden and effective sectoral changes</li> </ul>	<ul style="list-style-type: none"> <li><b>X-Those who assess fraud risk factors</b></li> <li>Lead Auditor (Primary responsibility)</li> <li>Joint Auditor (Collaborative assessments)</li> <li>Assistant Auditor (Supportive role)</li> <li>Chief Auditor (Oversight and decision-making)</li> <li>Joint Lead Auditor (Shared leadership responsibilities)</li> <li><b>XI-Practices for fraud risk assessment</b></li> <li>Risk Assessors who designated team members assessing fraud risks</li> <li>Non-Assessors who are not involved in risk assessment</li> <li>Special separate programs beyond routine audits</li> </ul>

**Source:** (Aksoy, 2006b).

The fraud triangle is the core concept of fraud triangle theory that reveals the motivation behind crimes committed for the benefit of the company or against the company. The fraud triangle is commonly accepted as the major process of identifying and assessing fraud risk (Aksoy & Kahyaoglu, 2012). The fraud triangle includes the three basic elements of fraud, pressure, opportunity and rationalization. In all fraud cases, the person committing the fraud falls under the influence of this triangle, the "felt pressure". The felt pressure can consist of material or non-material elements such as rebellion against the system or experienced disappointments

Pressure (incentive), one of the components in the fraud triangle, stands out as the element that leads the employee to commit fraud and initiates the act of fraud. Employees tend to commit fraud due to reasons such as greed, insatiability or feeling of need, and when this situation comes together with excuses and opportunities, fraud occurs. Pressure may arise from financial needs or non-material pressures. Other pressures may be unwanted habits or work-related pressures (Albrecht et al., 2008; Kiymik, 2015; Jafarova, 2009).

In order for fraud to be carried out, all the elements in the fraud triangle, namely pressure, opportunity to cheat and rationalization, must be present together (Skousen, 2004). Later, the 'competence' element was added to these three elements in the fraud triangle and the 'fraud diamond' theory was developed. In addition to the other three components, the fraud diamond emphasizes that especially those who will perform large-scale complicated frauds must be skilled and knowledgeable in this regard (Wolfe & Hermanson, 2004).

### **Types of Fraud and Examples of Fraudulent Financial Reporting**

Those who perform fraudulent accounting transactions in companies commit these frauds with various methods and intentions. There are different classifications of fraud in the literature. The main types of fraud are grouped as follows according to their reasons: (a) Employee fraud or misuse of assets, (b) Financial statement fraud. Detecting employee fraud is one of the basic responsibilities of business/institution managers, and internal auditors or public auditors can be used for this purpose. The task of revealing financial statement fraud is mainly the responsibility of independent auditors. The independent auditor is expected to increase confidence in financial reporting by revealing and correcting any errors or fraud-related errors through the audit he will conduct (Aksoy & Uzay, 2021; Khaligova, 2019).

Financial statement frauds, which are made to show business performance better or worse than it is, are carried out on financial statements, including the income statement and balance sheet. There are three main methods that can lead to financial reporting fraud in businesses. These are; falsifying and tampering with the accounting system, manipulating the accounting system by changing reported results with false and fictitious information, and resorting to methods outside the accounting system (Wells, 2005).

The following examples of fraudulent financial reporting in the accounting system can be given: understating expenses, overstating revenue, concealing liabilities, manipulating reserves, fictitious revenues, improper asset valuation, manipulating accounting records, creating fake documents and records, altering documents, distorting revenues and expenses, fake invoices, recording personal expenses as business expenses, making false adjustments in financial reports (Kiymik, 2015; Denkdemir & Aksoy, 2024; Genç, 2009)

### **Related Studies in the Literature**

Some of the various studies involving an applied research in the literature are summarized below.

In the study by Douplik and Riccio (2006), the views of accountants on financial reporting standards in terms of the conservatism-optimism and transparency-confidentiality dimensions of accounting culture in the USA and Brazil were examined from a cross-cultural comparative perspective and it was concluded that recognizing increases in revenues is strongly related to conservatism and there are also strong relationships between disclosing financial statements and the confidentiality dimension.

In another study, a survey was conducted on 244 accounting professionals in Malaysia to investigate whether the level of application of IFRS standards by accounting professionals was affected by the cultural structure, and it was revealed that the level of application of IFRS standards by accounting professionals was partially affected by the cultural structure (Foo, 2008).

The study conducted by Barth, Landsman and Lang (2008) aimed to determine how accounting standard-based practices affect accounting information quality. In the study, the financial statements of a total of 327 firms in 21 countries for the period 1994-2003 were examined and it was concluded that accounting records and real values were closer to each other in the businesses that made financial reports in accordance with accounting standards than in firms that did not apply these standards.

In the study conducted by Chand (2012), the effect of ethnic culture and organizational culture on the judgments of accounting professionals was investigated using the survey method in a sample of 205 accounting professionals in Fiji and it was found that ethnic culture and organizational culture were effective in the judgments of professional accountants.

In the study of Carataş et al. (2017), the issue of which accounting culture dimension is dominant in the context of the impact of culture on accounting culture was examined by comparing different accounting policies (Anglo Saxon-Continental-Islamic), and it was concluded that the dominant accounting culture dimensions in organizational culture were optimism and conservatism, and it was also determined that the relative applicability of Islamic accounting policies decreased with the effect of IFRS and globalization.

In the study of Foroghi, Amiri and Fallah (2013), it was investigated whether there was a significant relationship between organizational management procedures and the conservatism sub-dimension of accounting culture for the period 2002-2011, covering 720 companies in Tehran Stock Exchange. It was revealed that there was a positive and significant relationship between organizational management procedures and conservatism and that the strength of organizational management increased the conservatism dimension in accounting culture.

In a study conducted by Aksoy (2010) on non-financial data of 18 companies listed on the Istanbul Stock Exchange Corporate Governance Index (CGI), the relationships between the increase in corporate culture and the composition of the board of directors, the level of corporate governance, the effectiveness of the internal control system and the achievement of company goals were investigated. It was concluded that there were significant relationships among the composition of the board of directors and the level of corporate governance, the effectiveness of the internal control/audit system, the increase in corporate culture and the achievement of company goals.

There are also various studies indicating that there are significant relationships between the organizational business structure influenced by the general culture and the conditions that lead to fraudulent financial reporting, in other words, the conditions that lead to fraudulent financial reporting are due to the organizational business structure influenced by the general culture (Douglas et al., 2001).

In his study covering 94 companies in the US 250 index, Healy (1985) examined the effect of managers' discretionary realizations on accounting decisions. It was determined that managers can affect profits with discretionary realizations and that bonus plans are motivating factors in managers' profit management.

In the detailed and comprehensive doctoral thesis of Kiyimik (2015), the effects of organizational culture and accounting culture structures on fraudulent financial reporting practices of companies listed on the BIST Services Index were examined, as well as the relationship between organizational culture types and accounting culture values. The study also aimed to determine the financial ratios that could be used to explain financial statement fraud in those companies, which were divided into two groups as companies that resorted to financial statement fraud and those that did not. It was concluded that the 13 financial ratios determined could be used to explain fraud. In addition, it was seen that the two company groups differed in terms of accounting culture values such as transparency versus secrecy and professionalism versus status quo.

Karaburun (2019) examined the relationship between Accounting Culture and Integrated Reporting Awareness using a survey method based on a sample of 273 accounting professionals working in Izmir. It was determined that the tendencies towards professionalism, uniformity, conservatism and transparency among accounting culture values were stronger among professionals, and there were differences in accounting culture perceptions according to demographic characteristics.

In the study of Isguden (2007), the relationship between the dimensions of accounting culture and the professional titles of the participants was examined with a survey method on 103 professionals who are members of the Balıkesir CPA Chamber. The existence of a positive relationship for some dimensions and a negative relationship for others was revealed.

In the study of Tanyildizi (2014), a survey was applied to a sample of 260 accounting professionals in Elazığ province and the relationships between the accounting culture (financial accounting culture, cost and management accounting culture) of SMEs and the accounting ethical values and accounting information systems were examined. It was revealed that SMEs are generally family businesses and their motivation for preparing financial statements is to inform the management rather than legal obligation. It was also pointed out that legal books are prepared and monitored under the responsibility of accounting professionals outside the business and that compliance with ethical values increases in parallel with the increase in income.

In the study conducted by Aktaş (2008), the interaction between accounting and culture was examined in the context of the sub-dimensions of accounting culture. In the survey-based study covering 240 professionals working in Bursa province, it was found that the tendency of the professionals was in favor of flexibility, optimism and professionalism, meaning that these sub-dimensions of accounting culture were more dominant, while they were undecided about transparency.

In the study conducted by Duman (2007) on the accounting officers of the 200 Large Industrial Enterprises within the scope of ISO 500 using a survey method, the trends in the four sub-dimensions of accounting culture were examined. It was determined that there was indecisiveness in the dimension of transparency versus secrecy and optimism versus conservatism (that is, each subvalue: 50%), whereas the tendency for professionalism was dominant in the sub-dimension of professionalism versus status quo, and the tendency for uniformity was dominant in the sub-dimension of flexibility versus uniformity. In addition, it was found that in demographic terms, the accounting culture values showed significant differences according to age and the city where the service was provided in the sub-dimensions of accounting culture.

In the study of Güvenç (2005), it was examined which sub-dimensions of accounting culture the accounting professionals were more inclined to, through a survey method on 198 samples working in Mersin province. It was concluded that the sub-dimensions of professionalism, uniformity, conservatism and confidentiality were more dominant compared to the other sub-dimensions of accounting culture.

In Ergin's (2021) study, the importance of corporate governance in preventing fraudulent financial reporting was examined within the framework of the XKURY index and it was revealed that the obvious motive underlying fraudulent financial reporting is generally to show the performance of companies higher than they actually are.

## Research and Methodology

### Aim of the Research

This study mainly aimed to examine the perceptions of Accounting Professionals-APs (Certified Accountant, Certified Public Accountant, Sworn-in Certified Public Accountant) working in Istanbul on accounting culture and fraudulent financial reporting. It also aimed to investigate whether there is a significant relationship between APs' perceptions of accounting culture and fraudulent financial reporting, and whether these perceptions differ according to demographic characteristics.

### Research Method, Population, Sample, Data Collection, and Scales

In this study, descriptive online survey method covering a questionnaire was used to collect data. The sample consisted of 214 accounting professionals operating in Istanbul. The questionnaire was compatible with the 5-point Likert scale as 1- Strongly Disagree, 2- Disagree, 3- Partially Agree, 4- Agree, 5- Strongly Agree. The questionnaire consists of three sections covering two subscales, the Accounting Culture Scale developed by (Chanchani&Willet, 2004) and the Fraudulent Financial Reporting Scale developed by (Khaligova, 2019; Kutlu, 2020). The Accounting Culture Scale in the survey includes 16 statements and 4 sub-dimensions (Conservatism vs. Optimism, Uniformity vs. Flexibility, Secrecy vs. Transparency, and Professionalism vs. Status Quo), while the fraudulent financial reporting scale includes 12 statements.

Statements 1, 5, 9 and 13 in the accounting culture scale measure the conservatism vs. optimism sub-dimension; statements 2, 6, 10 and 14 measure the uniformity vs. flexibility sub-dimension; statements 3, 7, 11 and 15 measure the secrecy vs. transparency dimension; and statements 4, 8, 12 and 16 measure the professionalism vs. status quo sub-dimension. As the participants' means approach 1, conservatism, uniformity, secrecy and professionalism increase, and as they approach 5, optimism, flexibility, transparency and status quo scores increase. The Cronbach's Alpha coefficient indicating the reliability of the scale was found to be 0.79. The fraudulent financial reporting scale includes 12 statements. Cronbach Alpha coefficient showing the reliability of the scale was found to be 0.86.

Data were analyzed with SPSS-22 . Frequency and percentage values, as well as means and standard deviations of scores obtained from scales were calculated to determine the demographic status of the participants in the research group. Nonparametric analysis methods were applied for groups with a small number of participants in age, title, gender, etc., i.e. groups without normal distribution, and parametric methods were applied for groups with normal distribution. Independent Group T Tests were applied for groups with normal distribution and Kruskal Wallis H tests were applied for groups without normal distribution to determine if there was a difference between the groups. Mann Whitney U analyzes were applied to find the reason for the difference for groups in which a significant difference was detected with Kruskal Wallis H Test. The significance level limit was examined as  $p < 0.5$ , and other levels determined were stated in the study. Cronbach Alpha Reliability Test and Pearson Correlation Analysis were also performed.

### Limitations

The limitations of the study are as follows: perceptions of 214 accounting professionals, only Istanbul province, scales used, expressions in scales, statistical techniques used. In addition, since the results obtained depend on the personal evaluations of the accounting professionals participating in the survey and the expressions in the scales, the results are limited to the personal evaluations of the accounting professionals. Therefore, it is suggested to work with more provinces and accounting professionals to obtain more general data.

### Research Model and Hypotheses of the Research

This study mainly aimed to examine the perceptions of Accounting Professionals working in Istanbul on accounting culture and fraudulent financial reporting. It also aimed to investigate whether there is a significant relationship between accounting professionals' perceptions of accounting culture and fraudulent financial reporting, and whether these perceptions differ according to demographic characteristics. Demographic characteristics were determined in our study as gender, age, years of service, educational status, title and number of clients worked with. Therefore, the research model, 1 main hypotheses and 34 sub-hypotheses were created accordingly. The hypotheses of the research were created as in the table below.

**Table 7: Hypotheses**

<i>Abbr: Accounting Professionals-ACs, Accounting Culture-AC, Fraudulent Financial Reporting-FFR</i>
H1: There is a significant relationship between the APs' perceptions on AC and FFR
H2: APs' perceptions of the Conservatism vs Optimism sub-dimension of AC are significantly related to their perceptions of FFR
H3: APs' perceptions of the Uniformity vs. Flexibility sub-dimension of AC are significantly related to their perceptions of FFR
H4: ACs' perceptions of the Secrecy vs Transparency sub-dimension of AC are significantly related to their perceptions of FFR
H5: ACs' perceptions of the Professionalism vs Status Quo sub-dimension of AC are significantly related.to their perceptions of FFR
H6: ACs' perceptions of FFR varies significantly by gender

- H7: ACS' perceptions of FFR varies significantly by age
  - H8: ACS' perceptions of FFR vary significantly by year of service
  - H9: ACS' perceptions of FFR vary significantly by education
  - H10: ACS' perceptions of FFR vary significantly by title
  - H11: ACS' perceptions of FFR vary significantly by number of clients
  - H12: ACS' perceptions of the Conservatism vs Optimism sub-dimension of AC vary significantly by gender
  - H13: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by gender
  - H14: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by gender
  - H15: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by gender
  - H16: ACS' perceptions of the Conservatism vs Optimism sub-dimension of AC vary significantly by age
  - H17: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by age
  - H18: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by age
  - H19: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by age
  - H20: ACS' perceptions of the Conservatism vs Optimism sub-dimension of AC vary significantly by year of service
  - H21: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by year of service
  - H22: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by year of service
  - H23: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by year of service
  - H24: ACS' perceptions of the Conservatism vs. Optimism sub-dimension of AC vary significantly by education
  - H25: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by education
  - H26: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by education
  - H27: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by education
  - H28: ACS' perceptions of the Conservatism vs. Optimism sub-dimension of AC vary significantly by title
  - H29: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by title
  - H30: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by title
  - H31: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by title
  - H32: ACS' perceptions of the Conservatism vs Optimism sub-dimension of AC vary significantly by number of clients
  - H33: ACS' perceptions of the Uniformity vs. Flexibility sub-dimension of AC vary significantly by number of clients
  - H34: ACS' perceptions of the Secrecy vs. Transparency sub-dimension of AC vary significantly by number of clients
  - H35: ACS' perceptions of the Professionalism vs. Status Quo sub-dimension of AC vary significantly by number of clients
- 

### **Statistical Analysis and Findings**

Statistical analyzes were performed with SPSS 22 program and presented in tables below. In order to avoid taking up too much space with detailed tables within the scope of statistical analysis and to comply with the article page limit, only the explanations regarding the important findings and analyses were tried to be summarized rather than the tables.

### **Frequency and Percentage Values of the Group**

The distribution of frequency and percentage values of the descriptive information of the participants constituting the sample, such as gender, age, years of service, education status, title and the number of customers of the company they work for, is reflected in the table below.

**Table 8:** Frequency and Percentage Values of the Sample Group

**Distribution by Gender**

Gender	f	%	% <sub>val</sub>	% <sub>acc</sub>
Female	69	32,2	32,2	32,2
Male	145	67,8	67,8	100,0
Total	214	100,0	100,0	

**Distribution by Age**

Age	f	%	% <sub>val</sub>	% <sub>Acc</sub>
21-30	25	11,7	11,7	11,7
31-40	102	47,7	47,7	59,3
41-50	72	33,6	33,6	93,0
51+	15	7,0	7,0	100,0
Total	214	100,0	100,0	

**Distribution by Year of Service**

Year of Service	f	%	% <sub>val</sub>	% <sub>acc</sub>
1-5	19	8,9	8,9	8,9
6-10	47	22,0	22,0	30,8
11-15	55	25,7	25,7	56,5
16-20	40	18,7	18,7	75,2
21-25	34	15,9	15,9	91,1
26+	19	8,9	8,9	100,0
Total	214	100,0	100,0	

**Distribution by Education**

Education	f	%	% <sub>val</sub>	% <sub>acc</sub>
Associate	6	2,8	2,8	2,8
Bachelor	137	64,0	64,0	66,8
Master	69	32,2	32,2	99,1
Doctorate	2	,9	,9	100,0
Total	214	100,0	100,0	

**Distribution by Title**

Title	f	%	% <sub>val</sub>	% <sub>acc</sub>
Certified Accountant	10	4,7	4,7	4,7
CPA	184	86,0	86,0	90,7
Sworn-in CPA	20	9,3	9,3	100,0
Total	214	100,0	100,0	

**Distribution by Number of Clients**

Number of Clients	f	%	% <sub>val</sub>	% <sub>acc</sub>
25 and under	97	45,3	45,3	45,3
26-35	31	14,5	14,5	59,8
36-45	9	4,2	4,2	64,0
46-55	14	6,5	6,5	70,6
56+	63	29,4	29,4	100,0
Total	214	100,0	100,0	

As can be seen from the table, 69 (32.2%) of the participants in the sample are female and 145 (67.8%) are male. 25 (11.7%) of the participants are between the ages of 21-30, 102 (47.7%) are between the ages of 31-40, 72 (33.6%) are between the ages of 41-50, and 15 (7%) are 51 years of age or older. 19 (8.9%) of the participants have 1-5 years of service, 47 (22%) have 6-10 years of service, 55 (25.7%) have 11-15 years of service, 40 (18.7%) have 16-20 years of service, 34 (15.9%) have 21-25 years of service, and 19 (8.9%) have 26 years of service or older. Six (2.8%) of the participants have an associate degree, 137 (64.0%) have a bachelor's degree, 69 (32.2%) have a master's degree, and 2 (0.9%) have a doctorate degree. Of the participants, 10 (4.7%) are Certified Accountants, 184 (86.0%) are CPAs, and 20 (9.3%) are Sworn-in CPAs. Of the participants, 97 (45.3%) have 25 or fewer customers at their workplace, 31 (14.5%) have 26-35 customers, 9 (4.2%) have 36-45 customers, 14 (6.5%) have 46-55 customers, and 63 (29.4%) have 56 or more customers.

**Means and Standard Deviations of Scores on Accounting Culture and Fraudulent Financial Reporting Scales and Sub-dimensions**

The means and standard deviations of the scores that the participants received from the scales and their sub-dimensions were calculated. The table below shows the means and standard deviations of the Accounting Culture Scale Sub-Dimension Scores.

**Table 9:** Means and Standard Deviations of Sub-Dimension Scores of Accounting Culture Scale

Sub-Dimension	N	$\bar{x}$	SS	Sh $\bar{x}$
Conservatism vs. Optimism	214	2,96	0,52	0,036
Uniformity vs. Flexibility	214	2,69	0,64	0,043
Secrecy vs. Transparency	214	2,93	0,64	0,044
Professionalism vs. Status Quo	214	2,07	0,65	0,044

As seen in the table above, the average of the Conservatism vs. Optimism scores of the Accounting Culture Scale in the sample is 2.96, the standard deviation value is 0.52 and the standard error is 0.036; the average of the Uniformity vs. Flexibility scores is 2.69, the standard deviation value is 0.64 and the standard error is 0.043; the average of the Secrecy vs. Transparency scores is 2.93, the standard deviation value is 0.64 and the standard error is 0.044; and the average of the Professionalism vs. Status Quo scores is 2.07, the standard deviation value is 0.65 and the standard error is 0.044.

Means and standard deviations of fraudulent financial reporting scores are shown in the table below.

**Table 10:** Means and Standard Deviations of Fraudulent Financial Reporting Scores

Sub-dimensions	N	$\bar{x}$	SS	Sh $\bar{x}$
1 Fraud is behavior that has an element of intent and is done consciously.	214	4,74	0,56	0,038
3 Inadequate supervision over employees creates opportunities for fraudulent transactions.	214	4,27	0,83	0,057
4 Fraudulent transactions are resorted to in businesses to evade taxes.	214	3,99	0,96	0,065
2 The most common frauds in businesses are undocumented, off-the-record transactions.	214	3,78	1,01	0,069
10 Legal regulations and penalties are effective in preventing FFR	214	3,57	1,08	0,074
6 The most common type of fraud committed by professionals is preparing and using false documents.	214	3,52	1,11	0,076
11 Audits conducted by public auditors are the best way to prevent FFR	214	3,36	1,12	0,076
8 FFR is more common in large companies than in small companies.	214	3,28	1,16	0,079
9 Companies with high risk in the stock market tend to create fraudulent financial reports.	214	3,25	1,06	0,073
5 Professionals resort to fraud to show the status of the business as better or worse than the current status.	214	3,21	1,26	0,086
7 It is correct to perform retrospective transactions in computerized accounting programs.	214	3,11	1,19	0,081
12 Independent auditors in Turkey have the independence required to ensure the reliability of financial reporting.	214	2,73	1,07	0,070
<b>Total</b>	214	3,57	0,47	0,032

The table shows the mean scores, standard deviation values and standard errors for each statement, and the mean of the total scores obtained from the scale is 3.57, the standard deviation value is 0.47 and the standard error is 0.032.

**Reliability (Cronbach Alpha) Tests of Scales Used**

Cronbach's alpha or coefficient alpha is a reliability measure of the internal consistency of a set of survey items. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. A high coefficient indicates high reliability, homogeneity and internal consistency. As the Cronbach's Alpha value approaches 1, it means that the items in the scale are more compatible with each other and the scale is more reliable. On the other hand, as the value approaches 0, it shows that the items in the scale are weakly compatible

and the reliability of the scale is low. “ If Cronbach Alpha coefficient is  $> .9$  – Excellent,  $> .8$  – Good,  $> .7$  – Acceptable,  $> .6$  – Questionable,  $> .5$  – Poor, and  $< .5$  – Unacceptable (George & Mallery, 2003).

In the study, the Cronbach Alpha coefficient indicating the reliability of the Accounting Culture Sub-dimensions Scale was found to be 0.79. The Cronbach Alpha coefficient of the scale used to measure the perception of Fraudulent Financial Reporting was found to be 0.86. Therefore, it is seen that both scales used in the study are highly reliable.

**Independent Samples T-Test Results**

The t-value, or t-score, is a ratio of the difference between the mean of the two sample sets and the variation that exists within the sample sets. The independent samples t-test is used to test whether there is a statistically significant difference between the means of two independent groups. If this value is greater than 0.05, it is said that there is no statistically significant difference between the means of the compared groups, if it is smaller, it is said that there is a significant difference between the means (Bartlein, 2024).

These tests were conducted to determine whether the scores of the participants in the sample from the scale and survey differed according to demographic characteristics. The Independent T-test results on whether perception differs according to gender in accounting culture sub-dimensions are as follows.

**Table 11:** T-Test Results on Whether Perception Differs According to Gender in Accounting Culture Sub-Dimensions

	Groups	N	$\bar{x}$	ss	Sh $\bar{x}$	t Test		
						t	Sd	p
<b>Conservatism vs. Optimism</b>	Female	69	2,95	0,43	0,052	-,24	212	,813
	Male	145	2,96	0,56	0,047			
<b>Uniformity vs. Flexibility</b>	Female	69	2,56	0,56	0,067	-2,06	212	<b>,041</b>
	Male	145	2,75	0,66	0,055			
<b>Secrecy vs. Transparency</b>	Female	69	2,86	0,56	0,067	-1,05	212	,297
	Male	145	2,96	0,68	0,056			
<b>Professionalism vs. Status Quo</b>	Female	69	1,94	0,56	0,067	-2,07	212	<b>,040</b>
	Male	145	2,14	0,68	0,056			

As seen in the table, it was determined that the scores of the Accounting Culture Scale Conservatism vs. Optimism sub-dimension did not differ according to gender ( $t=-.24$ ;  $p>.05$ ), the scores of the Uniformity vs. Flexibility sub-dimension differed according to gender ( $t=-2.06$ ;  $p<.05$ ), the scores of the Secrecy vs. Transparency sub-dimension did not differ according to gender ( $t=-1.05$ ;  $p>.05$ ), and the scores of the Professionalism vs. Status Quo sub-dimension differed according to gender ( $t=-2.07$ ;  $p<.05$ ).

Similarly, t tests were performed for all statements in the Fraudulent Financial Reporting Scale. As a result; it was seen that the scores of the 2nd and 12th items of the FFR scale ( $t=0.006$ ,  $t=0.023$ ;  $p<.05$ ) differed by gender and the other items (1,3,4,5,6,7,8,9,10,11) did not differ by gender because their scores were greater than 0.05 ( $p>.05$ ).

**Results of Kruskal Wallis-H Test and Mann Whitney U Test**

According to the Kruskal Wallis-H Test Results; It was determined that the Accounting Culture Scale Conservatism vs. Optimism sub-dimension scores did not differ by age ( $\chi^2=2.75$ ;  $p>.05$ ), Uniformity vs. Flexibility sub-dimension scores did not differ by age ( $\chi^2=4.63$ ;  $p>.05$ ), Secrecy vs. Transparency sub-dimension scores did not differ by age ( $\chi^2=1.85$ ;  $p>.05$ ), and Professionalism vs. Status Quo sub-dimension scores did not differ by age ( $\chi^2=1.24$ ;  $p>.05$ ).

**Table 12:** Kruskal Wallis-H Test on Whether Perception Differs According to Age in Accounting Culture Sub-Dimensions

	Groups	N	$\bar{x}_{row}$	<i>t Test</i>		
				$\chi^2$	Sd	p
<b>Conservatism vs. Optimism</b>	21-30	25	95,26	2,75	3	,431
	31-40	102	109,23			
	41-50	72	112,79			
	51+	15	90,77			
<b>Uniformity vs. Flexibility</b>	21-30	25	83,48	4,63	3	,201
	31-40	102	108,90			
	41-50	72	111,76			
	51+	15	117,57			
<b>Secrecy vs. Transparency</b>	21-30	25	92,28	1,85	3	,603
	31-40	102	109,29			
	41-50	72	110,79			
	51+	15	104,90			
<b>Professionalism vs. Status Quo</b>	21-30	25	104,78	1,24	3	,702
	31-40	102	112,14			
	41-50	72	103,87			
	51+	15	97,93			

Similarly, the scores obtained from Item 1 of the FFR Scale did not differ by age ( $\chi^2=4.13$ ;  $p>.05$ ), the scores obtained from Item 2 did not differ by age ( $\chi^2=3.46$ ;  $p>.05$ ), the scores obtained from Item 3 did not differ by age ( $\chi^2=1.71$ ;  $p>.05$ ), the scores obtained from Item 4 did not differ by age ( $\chi^2=.20$ ;  $p>.05$ ), the scores obtained from Item 5 did not differ by age ( $\chi^2=4.38$ ;  $p>.05$ ), the scores obtained from Item 6 did not differ by age ( $\chi^2=6.54$ ;  $p>.05$ ), the scores obtained from Item 7 did not differ by age ( $\chi^2=2.76$ ;  $p>.05$ ), the scores obtained from Item 8 did not differ by age ( $\chi^2=5.60$ ;  $p>.05$ ), the scores obtained from the 9th item did not differ according to age ( $\chi^2=.62$ ;  $p>.05$ ), the scores obtained from the 10th item did not differ according to age ( $\chi^2=1.83$ ;  $p>.05$ ), the scores obtained from the 11th item did differ according to age ( $\chi^2=21.54$ ;  $p<.01$ ), and the scores obtained from the 12th item did not differ according to age ( $\chi^2=3.99$ ;  $p>.05$ ).

The Mann Whitney U Test was performed to determine which age groups the answers given for the 11th item of the Fraudulent Financial Reporting Scale, which includes the statement “Audit by public auditors is the best way to prevent fraudulent financial reporting,” differed between. As a result, it was determined that the difference was at the level of  $p<.01$  in favor of the 21-30 age group between the 21-30 age group and the 31-40 and 41-50 age group, and at the level of  $p<.01$  in favor of the 31-40 age group between the 31-40 age group and the 41-50 age group. It was determined that there were no significant differences between the arithmetic means of the other groups ( $p>.05$ ).

According to Kruskal Wallis-H test; It was determined that the scores of the Conservatism versus Optimism sub-dimension of the Accounting Culture Scale did not differ according to Years of Service ( $\chi^2=.57$ ;  $p>.05$ ), the scores of the Uniformity versus Flexibility sub-dimension did not differ according to Years of Service ( $\chi^2=4.94$ ;  $p>.05$ ), the scores of the Secrecy versus Transparency sub-dimension did not differ according to Years of Service ( $\chi^2=3.78$ ;  $p>.05$ ), and the scores of the Professionalism versus Status Quo sub-dimension did not differ according to Years of Service ( $\chi^2=2.93$ ;  $p>.05$ ).

Similarly, the Kruskal Wallis-H test results showed that the scores from Item 1 of the Fraudulent Financial Reporting Scale did not differ according to Years of Service ( $\chi^2=2.60$ ;  $p>.05$ ), the scores from Item 2 did not differ according to Years of Service ( $\chi^2=7.60$ ;  $p>.05$ ), the scores from Item 3 did not differ according to Years of Service ( $\chi^2=6.15$ ;  $p>.05$ ), the scores from Item 4 did not differ according to Years of Service ( $\chi^2=1.39$ ;  $p>.05$ ), the scores from Item 5 did not differ according to Years of Service ( $\chi^2=3.95$ ;  $p>.05$ ), the scores from Item 6 did not differ according to Years of Service ( $\chi^2=9.88$ ;  $p>.05$ ), the scores from Item 7 did not differ according to Years of Service ( $\chi^2=7.10$ ;  $p>.05$ ), the scores from item 8 did not differ according to year of service ( $\chi^2=1.66$ ;  $p>.05$ ), the scores from item 9 did not differ according to year of service ( $\chi^2=2.82$ ;  $p>.05$ ), the scores from item 10 did not differ according to year of service ( $\chi^2=2.76$ ;  $p>.05$ ), the scores from item 11 did differ according to year of service ( $\chi^2=19.43$ ;  $p<.01$ ), and the scores from item 12 did not differ according to year of service ( $\chi^2=5.58$ ;  $p>.05$ ).

The Mann Whitney U Test, which was conducted to determine between which service year groups the answers given for the 11th item of the Fraudulent Financial Reporting Scale, which includes the statement “Audit by public auditors is the best way to prevent fraudulent financial reporting” differed, showed that the difference was at the  $p<.05$  level between those with 1-5 years of service and those with 6-10 and 21-25 years of service in favor of those with 1-5 years of service; it was at the  $p<.01$  level between those with 1-5 years of service and those with 11-15, 16-20 and 26 and above years of service; and it was at the  $p<.05$  level between those with 6-10 years of service and those with 16-20 and 26 and above years of service in favor of those with 1-5 years of service. It was determined that there were no significant differences between the arithmetic means of the other groups ( $p>.05$ ).

According to the Kruskal Wallis-H test, it was determined that the scores of the Conservatism versus Optimism sub-dimension of the Accounting Culture Scale did not differ by education ( $\chi^2=3.90$ ;  $p>.05$ ), the scores of the Uniformity versus Flexibility sub-dimension did not differ by education ( $\chi^2=1.14$ ;  $p>.05$ ), the scores of the Secrecy versus Transparency sub-dimension did not differ by education ( $\chi^2=1.02$ ;  $p>.05$ ), and the scores of the Professionalism versus Status Quo sub-dimension did not differ by education ( $\chi^2=5.78$ ;  $p>.05$ ). Additionally, The scores obtained from item 1 of the FFR Scale did not differ by education ( $\chi^2=5.25$ ;  $p>.05$ ), the scores obtained from item 2 did not differ by education ( $\chi^2=1.50$ ;  $p>.05$ ), the scores obtained from item 3 did not differ by education ( $\chi^2=5.72$ ;  $p>.05$ ), the scores obtained from item 4 did not differ by education ( $\chi^2=3.45$ ;  $p>.05$ ), the scores obtained from item 5 did not differ by education ( $\chi^2=4.38$ ;  $p>.05$ ), the scores obtained from item 6 did not differ by education ( $\chi^2=5.24$ ;  $p>.05$ ), the scores obtained from item 7 did not differ by education ( $\chi^2=1.65$ ;  $p>.05$ ), It was found that the scores obtained from item 8 did not differ by education ( $\chi^2=3.49$ ;  $p>.05$ ), the scores obtained from item 9 did not differ by education ( $\chi^2=2.15$ ;  $p>.05$ ), the scores obtained from item 10 did not differ by education ( $\chi^2=2.72$ ;  $p>.05$ ), the scores obtained from item 11 did not differ by education ( $\chi^2=.70$ ;  $p>.05$ ) and the scores obtained from item 12 did not differ by education ( $\chi^2=2.18$ ;  $p>.05$ ).

According to the Kruskal Wallis-H test; It was determined that the Accounting Culture Scale Conservatism vs. Optimism sub-dimension scores did not differ by title ( $\chi^2=3.60$ ;  $p>.05$ ), the Uniformity vs. Flexibility sub-dimension scores did not differ by title ( $\chi^2=4.32$ ;  $p>.05$ ), the Secrecy vs. Transparency sub-dimension scores did not differ by title ( $\chi^2=3.52$ ;  $p>.05$ ), and the Professionalism vs. Status Quo sub-dimension scores did not differ by title ( $\chi^2=.57$ ;  $p>.05$ ). Similarly, the scores obtained from item 1 of the HFR Scale did not differ by title ( $\chi^2=.76$ ;  $p>.05$ ), the scores obtained from item 2 did not differ by title ( $\chi^2=1.54$ ;  $p>.05$ ), the scores obtained from item 3 did not differ by title ( $\chi^2=.63$ ;  $p>.05$ ), the scores obtained from item 4 did not differ by title ( $\chi^2=1.50$ ;  $p>.05$ ), the scores obtained from item 5 did not differ by title ( $\chi^2=4.76$ ;  $p>.05$ ), the scores obtained from item 6 did not differ by title ( $\chi^2=2.68$ ;  $p>.05$ ), the scores obtained from item 7 did not differ by title ( $\chi^2=1.28$ ;  $p>.05$ ), It was determined that the scores obtained from item 8 did not differ by title ( $\chi^2=2.01$ ;  $p>.05$ ), the scores obtained from item 9 did not differ by title ( $\chi^2=.09$ ;  $p>.05$ ), the scores obtained from item 10 did not differ by title ( $\chi^2=.94$ ;  $p>.05$ ), the scores obtained from item 11 did not differ by title ( $\chi^2=7.55$ ;  $p<.05$ ) and the scores obtained from item 12 did not differ by title ( $\chi^2=5.40$ ;  $p>.05$ ). Mann Whitney U Test was performed to determine which title groups the answers given for the 11th item of the HFR Scale, which includes the statement “Audit by public auditors is the best way to prevent fraudulent financial reporting” differed between. As a result, it was determined that the difference was at the level of  $p<.05$  in favor of the Certified Accountants between the CPAs and the Sworn in CPAs at the level of  $p<.01$  in favor of the CAs between the CPAs. It was determined that there were no significant differences between the arithmetic means of the other groups ( $p>.05$ ).

It was determined that the Accounting Culture Scale Conservatism vs. Optimism sub-dimension scores did not differ according to the number of customers of the participants ( $\chi^2=1.77$ ;  $p>.05$ ), Uniformity vs. Flexibility scores did not differ according to the number of customers ( $\chi^2=.35$ ;  $p>.05$ ), Secrecy vs. Transparency scores did not differ according to the number of customers ( $\chi^2=4.38$ ;  $p>.05$ ), and Professionalism vs. Status Quo scores did not differ according to the number of customers ( $\chi^2=6.30$ ;  $p>.05$ ) according to the Kruskal Wallis-H test. Similarly, the scores obtained from item 1 of the HFR Scale did not differ according to the number of customers ( $\chi^2=2.98$ ;  $p>.05$ ), the scores obtained from item 2 did not differ according to the number of customers ( $\chi^2=4.15$ ;  $p>.05$ ), the scores obtained from item 3 did not differ according to the number of customers ( $\chi^2=3.62$ ;  $p>.05$ ), the scores obtained from item 4 did not differ according to the number of customers ( $\chi^2=4.18$ ;  $p>.05$ ), the scores obtained from item 5 did not differ according to the number of customers ( $\chi^2=6.00$ ;  $p>.05$ ), the scores obtained from item 6 did not differ according to the number of customers ( $\chi^2=1.76$ ;  $p>.05$ ), the scores obtained from item 7 did not differ according to the number of customers ( $\chi^2=1.60$ ;  $p>.05$ ), the scores obtained from item 8 did not differ according to the number of customers. ( $\chi^2=3.87$ ;  $p>.05$ ), the scores from item 9 did not differ according to the number of customers ( $\chi^2=2.62$ ;  $p>.05$ ), the scores from item 10 did not differ according to the number of customers ( $\chi^2=3.61$ ;  $p>.05$ ), the scores from item 11 did not differ according to the number of customers ( $\chi^2=.58$ ;  $p>.05$ ) and the scores from item 12 did not differ according to the number of customers ( $\chi^2=1.81$ ;  $p>.05$ ).

### **Pearson Correlation Analysis Results**

The relationships between the scores of the participants in the sample from the Accounting Culture Scale Sub-Dimensions and Fraudulent Financial Reporting Scale Items were subjected to Pearson correlation analysis and the results are as follows. The results of the Pearson Correlation Analysis conducted for the Relationships between the Accounting Culture Conservatism Versus Optimism Sub-Dimension and Fraudulent Financial Report Items are presented in the table below.

**Table 13:** Pearson Correlation Analysis Results for Relationships Between Conservatism Vs. Optimism Sub-Dimension and Fraudulent Financial Reporting Items

Fraudulent Financial Reporting Items Scores		Accounting Conservatism Vs. Optimism Sub-Dimension Scores		
		N	r	p
1	Fraud is a behavior that has an element of intent and is done consciously.	214	-,042	,273
2	The most common frauds in businesses are undocumented, off-the-record transactions.	214	,011	,435
3	Inadequate supervision over employees creates opportunities for fraudulent transactions.	214	-,068	,159
4	Fraudulent transactions are used in businesses to evade taxes.	214	-,067	,165
5	Professionals resort to fraud to make the status of the business seem better or worse than it is.	214	-,074	,141
6	The most common type of fraud committed by professionals is to prepare and use false documents.	214	-,111	,052
7	It is correct to perform retroactive transactions in computerized accounting programs.	214	-,183	,004
8	Fraudulent financial reporting is more common in large companies than in small companies.	214	-,157	,011
9	Companies with high risk in the stock market are more likely to create fraudulent financial reports.	214	-,192	,002
10	Legal regulations and penalties are effective in preventing fraudulent financial reporting.	214	-,144	,018
11	Audits conducted by public auditors are the best way to prevent fraudulent financial reporting.	214	-,178	,005
12	Independent auditors in Turkey have the independence required to ensure the reliability of financial reporting.	214	-,146	,016

As it is seen in the table, according to the results of the Pearson Correlation Analysis conducted in order to determine whether there is a significant relationship between the scores the participants in the sample got from the Conservatism Vs. Optimism sub-dimension of the Accounting Culture Scale and the items of the Fraudulent Financial Reporting Scale, the scores the participants got from the Conservatism Vs. Optimism sub-dimension of the Accounting Culture Scale and the scores they got from item 1 ( $r=-.042$ ;  $p>.05$ ), item 2 ( $r=.011$ ;  $p>.05$ ), item 3 ( $r=-.068$ ;  $p>.05$ ), item 4 ( $r=-.067$ ;  $p>.05$ ), item 5 ( $r=-.074$ ;  $p>.05$ ) and item 6 ( $r=-.111$ ;  $p>.05$ ), there was a negative significant relationship between the scores they received from the 7th item ( $r=-.183$ ;  $p<.01$ ), the scores they received from the 8th item ( $r=-.157$ ;  $p<.05$ ), the scores they received from the 9th item ( $r=-.192$ ;  $p<.01$ ), the scores they received from the 10th item ( $r=-.144$ ;  $p<.05$ ), the scores they received from the 11th item ( $r=-.178$ ;  $p<.01$ ), and the scores they received from the 12th item ( $r=-.146$ ;  $p<.05$ ).

Pearson Correlation Analysis was performed to determine whether there was a significant relationship between the scores of the Flexibility Against Uniformity sub-dimension of the AC Scale and the items of the HFR Scale. According to the results; there was no significant relationship between the scores of the Flexibility Against Uniformity sub-dimension of the AC Scale and the scores of the 1st item ( $r=-.057$ ;  $p>.05$ ), 2nd item ( $r=-.259$ ;  $p<.05$ ), 3rd item ( $r=-.094$ ;  $p>.05$ ), 4th item ( $r=-.206$ ;  $p<.05$ ), 5th item ( $r=-.129$ ;  $p<.05$ ) and 6th item ( $r=-.221$ ;  $p<.05$ ) of the HFR Scale. In addition, a negative significant relationship was found between the scores of Item 7 ( $r=.81$ ;  $p>.05$ ), Item 8 ( $r=-.059$ ;  $p>.05$ ), Item 9 ( $r=-.177$ ;  $p<.01$ ), Item 10 ( $r=-.026$ ;  $p>.05$ ), Item 11 ( $r=-.251$ ;  $p<.01$ ), and Item 12 ( $r=-.108$ ;  $p>.05$ ). According to the analysis results conducted to determine whether there is a significant relationship between the scores of the Privacy vs. Transparency sub-dimension and the items of the FFR Scale, it was seen that there was no significant relationship between the scores of the Privacy vs. Transparency sub-dimension and the scores of the items 1, 2, 4, 5, 7, 8, and 10 of the FFR Scale ( $p>.05$ ). On the other hand, a negative significant relationship ( $p<.05$ ) was found between the scores obtained from the 3rd, 6th, 9th, 11th, and 12th items. Finally, it was determined that there was no significant relationship ( $p>.05$ ) between the scores from the AC Scale Professionalism vs. Status Quo sub-dimension and the scores from the 1st, 2nd, 3rd, 4th, 5th, 8th, 10th and 12th items of the FFR Scale ( $r=-.088$ ); whereas there was a negative significant relationship ( $p<.05$ ) between the scores from the 6th, 7th, 9th and 11th items.

### Results of the Hypothesis Tests

In light of the analyses performed and the findings regarding the research hypotheses, while hypotheses H1, H2, H3, H4, H5, H6, H7, H8, H10, H13, H15 were accepted, hypotheses H9, H11, H12, H14, H16- H35 were rejected.

### Conclusions

This study mainly aimed to examine the perceptions of Accounting Professionals-APs (Certified Accountant, Certified Public Accountant, Sworn-in Certified Public Accountant) working in Istanbul on accounting culture and fraudulent financial reporting. It

also aimed to investigate whether there is a significant relationship between APs' perceptions of accounting culture and fraudulent financial reporting, and whether these perceptions differ according to demographic characteristics.

The study revealed that there is a significant relationship between the perceptions of APs on accounting culture and fraudulent financial reporting. It also indicated that these perceptions differ according to demographic characteristics. In the light of subvalues of accounting culture, the perceptions of "The Flexibility of Accounting Culture versus Uniformity" and Professionalism versus Status quo" vary according to the gender. In this respect, it was determined that female professionals exhibited more professionalization and uniformity tendencies than men, while male professionals exhibited more flexibility and status quo tendencies compared to women.

Furthermore, it was understood that other demographic characteristics (age, years of service, education level, title, number of clients) are not effective variables on the accounting culture perception.

On the other hand, it was found that the perceptions of APs on fraudulent financial reporting differ according to demographic characteristics (such as gender, age, years of service and title), however, it does not differ according to the number of customers and education level. In other words, those characteristics do not have any effect on the perception of fraudulent financial reporting.

Since the study was limited to the perceptions of 214 accounting professionals and only the province of Istanbul, it was suggested to study with more provinces and accounting professionals to obtain more general data.

### Acknowledgement

Part of Muhammet Kayısı's master thesis entitled "Examination of Accounting Professionals' Perceptions Regarding Accounting Culture and Financial Statement Fraud: The Case of Istanbul" submitted to the School of Graduate Studies in partial fulfillment of the requirements for the degree of Master of Science in Business Management and supervised by Prof. Tamer Aksoy. The partial abstract of the master thesis was presented at the Al-Farabi 11th International Conference on Social Sciences-Erzurum in 2022.

All authors have read and agreed to the published version of the manuscript.

**Author Contributions:** by authors with equal participation

**Funding:** This research was funded by Bussecon International Academy

**Informed Consent Statement:** Informed consent was obtained from all subjects involved in the study.

**Data Availability Statement:** The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

**Conflicts of Interest:** The authors declare no conflict of interest.

### References

- Aksoy, T. & Aksoy, L. (2020). Increasing Importance of Internal Control in the Light of Global Developments, National and International Standards and Regulations, *Journal of Turkish Court of Accounts/ Sayıştay Dergisi*, 33(118), 9-40.
- Aksoy, T. & Hacıoğlu, U. (2021). Auditing Ecosystem and Strategic Accounting in the Digital Era: Global Approaches and New Opportunities, Springer Nature, Cham, <https://doi.org/10.1007/978-3-030-72628-7>
- Aksoy, T. & Kahyaoglu, S. (2012). An Empirical Analysis on the Determinants of Fraud Cases in Turkey, *International Journal of Business and Social Sciences*, 3(1), 157-164. (ISSN 2219-1933)
- Aksoy, T. & Uzay, S. (2021). Relationship Between Fraud Auditing and Forensic Accounting. *Auditing Ecosystem and Strategic Accounting in the Digital Era. Global Approaches and New Opportunities*. 127-146. Springer, Cham, [https://doi.org/10.1007/978-3-030-72628-7\\_6](https://doi.org/10.1007/978-3-030-72628-7_6)
- Aksoy, T. (2005). Küresel etkili muhasebe ve denetim skandallarının nedenleri ışığında Sarbanes-Oxley yasası ile SPK düzenlemesinin karşılaştırılması, *Muhasebe Bilim Dünyası, World of Accounting Science*, 7(4), 45-79.
- Aksoy, T. (2006a). Etik, Ulusal ve Uluslararası Etik İkelere Yönelik Karşılaştırmalı Bir İnceleme: Muhasebe Meslek Etiği, Yetkin Yayınları, Ankara.
- Aksoy, T. (2006b). Denetim: AB İle Müzakere ve Uyum Sürecinde Denetimde Yeni Bir Paradigma. Yetkin yayınları. Ankara.
- Aksoy, T. (2010). The Role of Modern Internal Auditing and Corporate Governance in Turkey: A Sound Comparison with the Global Internal Auditing Standards and A Benchmark Analysis on Companies with Corporate Governance Rating Scores That Listed In Istanbul Stock Exchange Corporate Governance Index, *World of Accounting Science*, 12(4), 15-45.
- Aksoy, T. (2018). Risk Odaklı İç Denetim Sürecinde Operasyonel Risklerin Belirlenip Ölçülmesine Yönelik Uygulamalı Bir 3x5 Risk Matrisi ve Risk Analiz Anket Formu Önerisi, *Mali Çözüm /Financial Analysis*, 147, 37-77
- Aktaş, M. (2008). Bursa İli Muhasebe Meslek Mensuplarının Muhasebe Kültür Değerlerinin Araştırılması, Sakarya Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi.
- Albrecht, W. S., Albrecht, C. & Albrecht, C. C. (2008). Current Trends in Fraud and its Detection, *Information Security Journal: A Global Perspective*, 17(1), 2-12.
- Carataş, M. A., Spataru, E.C. & Dragoi, M.C. (2017). Culture and Accounting Practices, *Ovidius University Annals, Economic Sciences Series*, (17(1), 435-438.

- Barth, M.E., Landsman, W. & Lang, M. H. (2008). International Accounting Standards and Accounting Quality, *Journal of Accounting Research*, 46 (3), 467-498. <https://doi.org/10.1111/j.1475-679X.2008.00287.x>
- Bartlein, P. J. (2024). Interpreting test statistics, p-values, and significance. (retrieved: 28.05.2024), <https://pjbartlein.github.io/GeogDataAnalysis/topics/interpstats.pdf>
- Belkaoui, A.R. (2007). *Behavioral Management Accounting*, London: Quorum Books, 88.
- Chanchani, S. & Willet, R. (2004). An Ampirical Assesment of Gray's Accounting Value Constructs, *The International Journal of Accounting*, (39)2, Elsevier, 125-154. <https://doi.org/10.1016/j.intacc.2004.02.003>
- Chand, P. (2012). The effects of ethnic culture and organizational culture on judgments of accountants, *Advances in Accounting*, 28(2), 298-306. <https://doi.org/10.1016/j.adiac.2012.09.007>
- Choi, J. S. (2002). Financial Crisis and Accounting Reform: A Cultural Perspective, *Journal of Accounting and Finance* 1, 71-93.
- Çıtak, F. (2013). Hileli Finansal Raporlamada İç Denetçilerin Sorumluluğunun Tespitine İlişkin Bir Araştırma, Yüksek Lisans Tezi, Niğde Üniversitesi, Sosyal Bilimler Enstitüsü, Niğde.
- COSO. (2013). *Internal Control-Integrated Framework*. COSO. USA: AICPA, <https://www.coso.org/Documents/COSO-CROWE-COSO-Internal-Control-Integrated-Framework.pdf> (retrieved: 03.02.2022)
- Denkdemir, A. T. & Aksoy, T. (2024). The Perception of Fraud and Perspective on Ethics of the Media Employees in Emerging Countries in the Digital Era: Evidence from Türkiye. *Journal of Ibn Haldun Studies*, 9(2), 161–191. <https://doi.org/10.36657/ihcd.2024.124>
- Douglas, P.C., Davidson, R.A. & Schwartz, B.N. (2001). The Effect of Organizational Culture and Ethical Orientation on Accountants' Ethical Judgments, *Journal of Business Ethics*, 34(2), 101–121. <https://doi.org/10.1023/A:1012261900281>
- Doupnik, T. S. & Riccio, E. L. (2006). The Influence of Conservatism and Secrecy on the Interpretation of Verbal Probability Expressions in the Anglo and latin Cultural Areas, *The International Journal of Accounting*, (41), 237-261. <https://doi.org/10.1016/j.intacc.2006.07.005>
- Duman, S. (2007). İSO 500 Büyük Sanayi Kuruluşunun Muhasebe Kültürünün Araştırılması, Yüksek Lisans Tezi, Sakarya Üniversitesi Sosyal Bilimler Enstitüsü, Sakarya.
- Dunn, P. (1999). *Fraudulent Financial Reporting: A Deception Based on Predisposition Motive and Opportunity*, PHD Thesis, Boston Universty Graduate School of Management, Boston, USA.
- Ergin, A. F. (2021). Hileli Finansal Raporlamanın Önlenmesinde Kurumsal Yönetimin Önemi-Bir Araştırma, Yüksek Lisans Tezi, İstanbul Üniversitesi Sosyal Bilimler Enstitüsü, İstanbul.
- Foo, Y.F. (2008). *A Cross-Cultural Study of Accounting Concepts Applied in International Financial Reporting Standards*, Unpublished Doctoral Thesis, Victoria University, Malaysia.
- Foroghi, D., Amiri H. & Fallah, Z. N. (2013). Corporate Governance and Conservatism, *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 3(4), 61-71.
- Genç, G. (2009). Hileli Finansal Raporlama, Yüksek Lisans Tezi, Marmara Üniversitesi Sosyal Bilimler Enstitüsü, İstanbul.
- George, D., & Mallery, P. (2003). *SPSS for Windows step by step: A simple guide and reference*. 11.0 update (4th ed.). Boston: Allyn & Bacon.
- Gray, S. J. (1988). Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally, *Abacus*, 24(1), 1-15.
- Güvenç, N. (2005). Mersin ilinde bağımsız çalışan muhasebe meslek mensuplarının muhasebe kültür değerleri. Yüksek lisans tezi. Sakarya Üniversitesi. Sosyal Bilimler Enstitüsü. <https://hdl.handle.net/20.500.12619/93909>
- Hacioglu, U. & Aksoy, T. (2021). *Financial Ecosystem and Strategy in the Digital Era: Global Approaches and New Opportunities*, Springer, Cham, <https://doi.org/10.1007/978-3-030-72624-9>
- Haviland, W. A. (2008). *Kültürel Antropoloji*, Çev. İ. D. Erguvan Sarioğlu, İstanbul: Kaknüs Yayınları, 103.
- Healy, P.M. (1985). The Effect of Bonus Schemes on Accounting Decisions, *Journal of Accounting and Economics*, 7(1), 85-107.
- Hofstede, G. (1980). Culture and organizations. *International studies of management & organization*, 10 (4), 15-41.
- Hofstede, G. (2011). Dimensionalizing cultures: The Hofstede model in context. *Online readings in psychology and culture*, 2 (1), 2307-0919.
- Hofstede, G., & Minkov, M. (2010). Long-versus short-term orientation: new perspectives. *Asia Pacific Business Review*, 16(4), 493-504.
- IESBA. (2024). *Handbook of the International Code of Ethics for Professional Accountants*, <https://www.ethicsboard.org/publications/2023-handbook-international-code-ethics-professional-accountants>. (retrieved: 12.8.2024)
- Isguden, B. (2007). *Sosyal ve Kültürel Değerlerin Muhasebe Meslek Etiği Üzerine Etkileri*, Balıkesir Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi.
- Jafarova, S. (2009). İşletmelerde Hile Yapmanın Nedenleri ve Sosyal Psikoloji Açısından Değerlendirilmesi, Yüksek Lisans Tezi, Marmara Üniversitesi Sosyal Bilimler Enstitüsü, İstanbul.
- Karaburun, G. (2019). *Muhasebe Kültürü ve Entegre Raporlama Farkındalığı İlişkisi*, İzmir Katip Çelebi Üniversitesi Sosyal Bilimler Enstitüsü, Yüksek Lisans Tezi, İzmir.
- Khaligova, J. (2019). *Hileli Finansal Raporlama ve Bağımsız Denetçilerin Mesleki Şüpheciliği Üzerine Bir Araştırma*, Yüksek Lisans Tezi, Hacı Bayram Veli Üniversitesi Lisansüstü Eğitim Enstitüsü, Ankara.

- Kiyimik, H., (2015). Örgütsel Kültür ve Örgütsel Muhasebe Kültürü ile Hileli Finansal Raporlama Arasındaki İlişki: BİST Hizmetler Endeksinde Bir Araştırma, Süleyman Demirel Üniversitesi Sosyal Bilimler Enstitüsü, Isparta.
- Kutlu, H. (2020). Muhasebe Meslek Mensuplarının Muhasebe Hata ve Hileleri Hakkında Algı ve Tutumlarının Belirlenmesi: Osmaniye İlinde Bir Uygulama, Yüksek Lisans Tezi, Osmaniye Korkut Ata Üniversitesi Sosyal Bilimler Enstitüsü, Osmaniye.
- Ozturk, S. (2015). Muhasebe Hileleri ile Mücadelede Kontrol Öz Değerlendirmenin Rolü ve Bir Uygulama, Doktora Tezi, Atatürk Üniversitesi Sosyal Bilimler Enstitüsü, Erzurum.
- Perera, M.H.B. (1989). Towards a framework to analyze the impact of culture on accounting, *The International Journal of Accounting*, 24(1), 42-56.
- Saglam, M. & Aksoy, T. (2020). Examining the effects of internal control system on crisis management skills: The case of IMM fire service department. *International Journal of Research in Business and Social Science*, 9(6), 274-288. <https://doi.org/10.20525/ijrbs.v9i6.922>
- Skousen, J. S. (2004). An Emprical Investigatition of The Relevance and Predictive Ability of The SAS 99 Fraud Risk Factors, Unpublished Doctoral Thesis, Oklahoma State University, USA.
- SOX. (2002). Sarbanes-Oxley Act of 2002, <https://www.soxlaw.com/> (retrieved:01.09.2024)
- Tanyildizi, İ. (2014). KOBİ'lerin Muhasebe Kültürünün İncelenmesi:Elazığ İlinde Üretim Yapan KOBİ'lerde Bir Uygulama, Yüksek Lisans Tezi, Fırat Üniversitesi Sosyal Bilimler Enstitüsü, Elazığ.
- TDK, (2024). Hile, Yolsuzluk, [sozluk.gov.tr](http://sozluk.gov.tr), (Retrieved at: 12.07.2024)
- TDK. (2023). Güncel Türkçe Sözlük. <https://sozluk.gov.tr/> (retrieved:17.08.2023)
- Tylor, E. (1920). Primitive culture: Researches into the development of mythology, philosophy, religion, language, art, and custom. Volume1, John Murray, London.
- Varici, I. & Ozdemir, F. (2013). Uluslararası Finansal Raporlama Standartlarına Yönelişin Kültür Bağlamında Değerlendirilmesi, *Mali Cozum*, 23(119), 14-418.
- Wells, J.T. (2005). Principles of Fraud Examination, Wiley.
- Wolfe, D.T. & Hermanson, D. R. (2004). The Fraud Diamond: Considering the Four Elements of Fraud, *The CPA Journal*, 74(12), 38-42.
- Yılmaz, Z., & Şahin, Z. (2018). Muhasebe-Kültür İlişkisi İle İlgili Çalışmaların İçerik Analizi Yöntemi İle İncelenmesi. *Muhasebe Bilim Dünyası*, 20, 107-128.

**Publisher's Note:** Bussecon International stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



Bussecon Review of Social Sciences by [Bussecon International Academy](#) is licensed under a [Creative Commons Attribution 4.0 International License](#).