The conservatism, secrecy and financing options from the perspective of Portuguese preparers of financial statements

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Abstract

This study was developed based on the theory of cultural relevance of accounting proposed by Baydoun and Willet [4] from the contributions originally released by Gray [16], which highlights the link between the accounting values and the practices that are materialized in the form, content and the qualitative characteristics presented in financial reporting. The study has examined the existence of association between accounting values and corporate financing options, the existence of association between two of the Gray [16] accounting values, namely, conservatism and secrecy, on the one hand, and financing options, on the other hand, from the perspective of Portuguese preparers of financial statements. The data were collected from a survey conducted on a sample of 431 Chartered Accountants Portuguese during the year 2012, subsequently subjected to multivariate analysis, including factor analysis and reliability analysis. Based on the results of this study it was possible to identify the grouping of items around each of the Gray [16] accounting values analyzed in this study, isolated or associated with issues related to corporate financing.

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1 Introduction

Environmental factors, which include legal systems, sources of external finance, taxation systems, the representativeness of the professional bodies concerned, the history of inflation, economic and political events, among others, have been used to explain international differences in accounting (Nobes and Parker [23]). Other environmental factor identified as sources of such differences is the culture (Gray [16]).

The influence of culture in explaining the behavior of social systems has been recognized for some time now, yet its impact on accounting as a social system is a relatively new field of study. Albuquerque and Almeida [1] presented a first theoretical framework relating to the classification of Portugal on the basis of accounting values developed by Gray [16], based on Portuguese preparers of financial statements. The study identified the existence of a reasonable support for the existence of association between two of the accounting values proposed by Gray in particular: the secrecy and the conservatism.

The present study is connected to the problems of corporate finance in a broader perspective, based on the Gray [16] accounting values of conservatism and secrecy and its subsequent developments.

Among the forms of corporate financing available, some of the possible distinctions relate to the financing source, ie, whether external or internal, of its nature, ie, whether due to own or borrowed capital, and with the character paid or unpaid of obtained funding.

With regard to external financing (and others) paid, the traditional way most significant relates to bank financing, while unpaid is obtained mainly from commercial relations with its suppliers. Another form of debt capital, but in this case of domestic origin, is through the supplies, representing loans from shareholders to the entity, and which is both paid.

Funding based on equity arises mainly from capital and supplementary capital of the shareholders, which can be supplemented in later periods with the self-financing (retained earnings). It is also possible to have recourse to the capital increase through dumbbells originated in venture capital or from capital markets (capital from external sources).

For accounting values analyzed in this study, it is noted that, in short, the secrecy can be evaluated for resistance to disseminating information, while the conservatism can be evaluated by the choice of certain accounting practices over others, such as the option the cost model rather than the fair value model, which shows an aversion to risk.

As a possible association between the financing options and accounting values of conservatism and secrecy is the fact that a high conservatism could lead to a fear of going public entities that are not linked to the traditional structure of the entity, particularly in the context of family businesses, while a high secrecy can lead to fear by increasing disclosure requirements of a broader set of information.

The choice of preparers of financial statements [3] for this study is not irrelevant, since they represent a major player in the drafting of financial reporting and, as well as to support the corporate decision making (Albuquerque, Almeida and Quirós [2]; Albuquerque, Almeida and Quirós [3]).

2   Theoretical Framework

According to Perera [27], being a product of human activity, the accounting is constantly affected by judgments and decisions about the concepts and accounting principles. Under this view, culture becomes one of the most crucial environmental factors on accounting practices, particularly with regard to norms and values shared by members of the same company (Doupnik and Salter [10]). Perera [27] and Perera and Matthews [28] suggest that the accounting values have a significant influence on accounting practices.

The influence of culture on accounting gained a new impetus from the developments proposed by Gray [16]. Based on the model of Hofstede's [19] cultural values, Gray [16] introduces the concept of accounting values constituting in turn a subculture of their own accounting. Since then, several replicas of this model, either in its original form or in its adapted form (Perera [27]; Fechner and Kilgore [14]; Chanchani and Willett [6], Salter and Niswander [31]), have been applied in order to deepen empirical research in this field of study. Their findings have been widely discussed for the development of a conceptual framework that justifies the causes of differences in accounting practices and international systems.

Gray [16] came from the theoretical model of Hofstede [19] study to develop a culture that associates with the accounting, on the understanding that the impact of culture on this directs its values. The author gives rise, so in a field of empirical research, the definition of the accounting subculture, identifying within this four accounting values able to classify a country in terms of this set. The accounting values listed by Gray [16] are presented in the following paragraphs:

1. *Professionalism versus Statutory Control* — a preference for the exercise of individual professional judgment and the maintenance of professional self-regulation as opposed to compliance with prescriptive legal requirements and statutory control.
2. *Uniformity versus Flexibility* — a preference for the enforcement of uniform accounting practices between companies and for the consistent use of such practices over time as opposed to flexibility in accordance with the perceived circumstances of individual companies.

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[3] The term "preparers of financial statements" used in this study relates to the Chartered Accountants listed in the Order of Chartered Accountants in exercise of the profession.

3. *Conservatism versus Optimism* — a preference for a cautious approach to measurement so as to cope with the uncertainty of future events as opposed to a more optimistic, laissez-faire, risk-taking approach.

4. *Secrecy versus Transparency* — a preference for confidentiality and the restriction of disclosure of information about the business only to those who are closely involved with its management and financing as opposed to a more transparent, open and publicly accountable approach.

In terms of direct impacts of the model, it is noted that the first two accounting values proposed by Gray [16] - professionalism and uniformity - are related to the authority and implementation of accounting practices, while the following - conservatism and secrecy - relate to the criteria of measurement and the information disclosed.

These hypotheses of association between the Hofstede's [19] cultural values and from Gray [16] accounting values is commonly referenced in literature as the model of Hofstede-Gray (Baydoun and Willet [4]; Zarzeski, [34], Jaggi and Low, [20]; Chanchani and Willett [6]; Tsakumis, [33]).

Gray [16] extends the model of Hofstede [19] to hypothesize the existence of an accounting subsystem, representative of a value system built into the system of primary values of society. The accounting values influence, in the view of the same author (Gray [16]), accounting practices, including how to report and disseminate information, which, in the study of international differences, the literature often called accounting systems (Nobes [22]).

Among researchers that revisited the Gray [16] model are Baydoun and Willett [4], whose study emphasizes the concept of cultural relevance of accounting proposed by the author. According to Baydoun and Willett [4], the Gray's [16] model does not clearly define the extent to which cultural attributes of social groups - to the detriment of the material attributes of the technology of Accounting - represent their accounting values, and for what purpose intervene as explanatory variables situated between the basic Hofstede's [19] model of cultural dimensions and characteristics that are expected to find in accounting practices. Baydoun and Willett [4] note that these practices found their reflection in the form, content and, finally, in the qualitative characteristics underlying the financial reporting.

In summary, the nature of each of the accounting values of the Gray [16] model determines the preference for certain professional approaches or ways of working, such that, in turn, are in financial reporting a possible match with the qualitative characteristics of information provided in the framework. Depending on the different levels of external forces that shape social values, different levels of development of the accounting reflect and reinforce these values. These, in turn, affect the accounting practice, to the extent that cultural factors directly influence the accounting information systems at national level [11].

According to Baydoun and Willett [4], uniformity as a technical feature of financial reporting encompasses the qualities of consistency and comparability,

relating, in the first case, the question of the apparent uniformity of accounting policies over time and, in the second, with the uniformity in the presentation of financial information among different reporting entities. The conservatism and secrecy overlap their effects to other qualitative characteristics.

Conservatism is more linked to issues relating to the quality of information disclosed and is therefore associated with physical characteristics such as objectivity, verifiability, reliability, neutrality and substance over form. These concepts determine specific questions about the form and content of financial reporting, such as the option at historical cost rather than the current value or use of policies based on "cost or market, whichever is less."

Secrecy, in turn, is related to the characteristics related to the quantity of items disclosed in financial reporting, namely the presentation forms of aggregated or disaggregated information. It relates also to the analysis of the attributes of responsibility (accountability) and the utility of the decision (decision usefulness). These concepts relate primarily to concerns about disclosure standards focused either on the user both in the nature of the reporting entity, issues that, in the view of Baydoun and Willett [4], "are not clearly addressed in the original Gray [16] model."

Rereading the Gray [16] model proposed by Baydoun and Willett [4], contrary to what has been observed for one, has received low attention from researchers, as evidenced by the small number of studies designed towards your confirmation. For this fact, Doupnik and Tsakumis [11] conclude that the empirical research in this field continues inconclusive. In addition to Baydoun and Willett [4], various contributions appeared in the literature in an attempt to extend or improve the conceptual model of Hofstede-Gray, adding new explanatory factors to previous models that include the legal system, market forces, the capital structure and property factors that, in turn, influence the accounting systems and, consequently, the standards, practices and financial reporting (Eddie [12]; Gray and Vint [17], Salter and Niswander [31]; Zarzeski [34], Robert and Salter [30]; Jaggi and Low [20]; Chanchani and Willett [6]; Olimidt and Calu [25]; Tsakumis [33]). New studies have also used the framework proposed by Gray [16] in different areas, which include corporate decision making, enterprise valuation, judgments about materiality, voluntary and mandatory disclosures.

More recent studies have further developed the relationship between a country's culture and structure of corporate debt, based or not on the theoretical framework of Hofstede [19].

Cegarra-Navarro [5] identified from the theoretical framework of Hofstede [19], subsequent studies in management (management practices) which include studies on corporate decision making. The studies identified by this authors include the relationship among the influence of national culture on the determining the capital structure and the definition of strategic issues and the implementation and use of information technologies.

Chui et al. [7], namely, starting from the theoretical model proposed by, and based on two cultural values identified by Schwartz (1994), namely, conservatism

and authority, identified a strengthened relationship (and negative) between culture and structure of corporate debt for each of the 22 countries analyzed in the study. These authors investigated whether culture influences the level of corporate debt through the development of hypotheses based on the Schwartz's (1994) model of cultural dimensions in 22 countries (including Portugal in this context) from a sample of 5591 companies. The hypothesis proposed a negative relationship between levels of conservatism and mastery of a country and the level of indebtedness of that country. The results identified through regression analysis confirm in general the hypotheses presented, identifying a strengthened relationship between the countries with high levels of conservatism and mastery and presenting lower leverage ratios (based on the debt ratio). In the perspective of these authors, "the effects are strong and remain significant even after considering differences in economic performance, legal systems, financial institutions and other factors also pointed out as determinants of debt."

For the authors, despite the existence of numerous studies that address cultural values, there are only few studies have contextualized the issue of culture in the context of corporate finance. Thus, while Stonehill and Stitzel (1969) *apud* Chui et al. [7] and Sekely and Collins (1988) *apud* Chui et al. [7] have suggested that certain cultural factors could potentially influencing the capital structure, "such studies did not employ cultural variables that specifically examine national differences in terms of capital structure. "

The line of research undertaken by Chui et al. [7] was then followed by other investigators as Rihab and Lotfi [29]. These researchers were based on the regression model proposed by Chui et al. [7] using the cultural factor in explaining variations in the structure of corporate debt, including the Hofstede's model, unlike the standard theory of finance, suggesting that the options for funding do not follow only rational decisions. The results of these studies suggest that, in fact, the national culture affects the capital structures of companies. The cultural values, in particular, namely individualism and collectivism variables, play a role in defining the perimeters of corporate financing.

3   Research Method and Data

The collection of primary data for this study was carried out through indirect observation, based on responses to a questionnaire conducted on a sample of Portuguese preparers of financial statements. According to Ferreira and Sarmento [15], the primary data are "original, surveyed by the researcher for a specific purpose," differed also from secondary data by requiring "prior field work, necessitating the collection from respondents and subsequently, to treat these data and interpret them in order to generate information."

Similar studies in this field used the questionnaire as a method of choice for data collection, or to analyze the influence of cultural factors on the practice of accounting or to analyze the perceptions of professionals on matters related to

financial reporting (Doupnik and Richter [9]; Doupnik and Riccio [8]; Chanchani and Willett [6]; Fah [13]; Ngaire [21]; Obaidat [24]; Olimidt and Calu [25]; Roberts and Salter [30]; Tsakumis [33]; Teixeira and Silva [32]). According to Ferreira and Sarmento [15],, the questionnaire is one of the most widely used in quantitative research in Accounting, since it allows the collection of data and knowledge of current opinions.

In large part, access to these professionals was facilitated by the representative body of the profession in Portugal, namely, the Order of Chartered Accountants in Portugal (OTOC). The collaboration is initiated by a request sent for this particular purpose.

The questionnaire, which began distribution in January 2012, used the opportunity to broadcast on the website of Order of Chartered Accountants in Portugal through an online resource for getting answers. The option for dissemination via Internet has some advantages besides the ease of dissemination and collection of data, the possibility of creating rules in order to respond and change the order of questions, reducing the risk of bias, in addition to obtaining responses a random fashion.

The questionnaire in the pre-test version was distributed among students in the final stage of undergraduate and masters in the areas of Auditing and Accounting with the pre-condition to also act professionally as trainers. Other important actors in the process of testing the questionnaire include undergraduate and masters teachers in Accounting and Auditing. The pre-test versions of the questionnaires allowed fully comply with the objectives previously defined. This process resulted in the reformulation and even elimination of some issues, which include framing questions. It should be noted that some of the questions used in the questionnaire, including questions specifically related to accounting values of conservatism and secrecy (items SQ003, SQ004, SQ006 and SQ009) were replicated from the research by Albuquerque and Almeida [1], taking into account its prior validation analysis and the same universe of analysis.

The questionnaires were divided into two groups, namely, framing questions, which formed the basis for characterizing the sample, and general questions, which sought to address the hypotheses raised in this study.

The framing questions, obtained from the use of nominal scales are identified in Table 1.

The second group of questions (General questions) questionnaire includes a first set of 10 questions based on the scale (interval) Likert identified below:
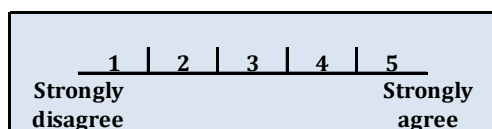

Figure 1: Scale used in the questionnaire

Table 1: Framing Questions

Framing questions:		
Age:	**Last / current level of studies**	**Most relevant fields of studies**
☐ Less than 25 years old	☐ Secondary level	☐ Accounting
☐ Between 26 and 35 years old	☐ Bachelors degree	☐ Auditing
☐ Between 36 and 45 years old	☐ Post-graduate degree	☐ Finances
☐ Between 46 and 55 years old	☐ Master degree	☐ Law
☐ More than 55 years old	☐ Doctoral degree	☐ Economy/Management
Gender:	**Size of the entities for which usually works:**	
☐ Male	☐ SME	
☐ Female	☐ Large companies	
Accounting standards commonly used in the profession:		**Years of experience:**
☐ National accounting standard for microentities		☐ Less than 5 years
☐ National accounting standard for other non-financial entities		☐ Between 6 and 10 years
☐ International accounting standards (IAS/IFRS)		☐ Between 11 and 20 years
☐ Other national accounting standards		☐ Between 21 and 30 years
☐ Other international accounting standards		☐ More than 30 years old

Such a scale provides two extremes - one featuring a state of total agreement ("strongly agree" - 5) and the other from total disagreement ("strongly disagree" - 1), a break point or neutral ("neither agree/nor disagree"- 3) and two intermediate points - one of the break point and the end of agreement ("agree"- 4) and the other between the break point and the end of disagreement ("disagree"- 2).

The definition of some questions were based on the study conducted by Albuquerque and Almeida [1], in turn based on the same study by Chanchani and Willett [6], selecting some issues relating to accounting values of conservatism and secrecy and adding questions of association of these values with the corporate fund. So the questions are related to the latent variables defined in terms of accounting values of conservatism and secrecy, occasionally associated with the financing business, as presented in Table 2.

The next question relates to the degree of emphasis, for the purposes of decision making, about the information provided by accounting. For this question was used a scale of assigning a degree of importance ranging from "no importance" (answer – 1) to a "very high" importance (answer – 5).

The universe of analysis covered by the data underlying the questionnaire comprises Portuguese preparers of financial statements. Accordingly, we analyzed the responses obtained by the Chartered Accountants Portuguese listed in Order of Chartered Accountants in Portugal. A search to the website of the institution (OTOC [26],) reveal the existence of about 73,000 members with active subscription regularly.

Table 2: Issues related to accounting values and corporate financing

SQ001	The opening of the capital of a company to third parties as a possible source of funding, has the disadvantage of mandatory disclosure of a broader set of information
SQ002	The entry of new shareholders as a risk presents the deviation of the growth strategy of the company, taking into lack of knowledge of the project originally conceived by initial entrepreneurs
SQ003	Between two possible accounting policies, an entity shall choose the policy that is more harmonized with the tax
SQ004	The financial information reported to the outside is not a useful information, instead representing the fulfilling of a legal obligation
SQ005	The participation of shareholders in the management company is always beneficial, taking into accounting these represent the most interested in the performance of the company
SQ006	Between two possible options for measurement, the option based on historical cost represents a more reliable information than the information received through criteria based on the fair value or amortized cost
SQ007	The entry into new markets, particularly international markets, should be viewed with caution, as otherwise the strategy of continuity of the entity can be interrupted
SQ008	In choosing among the available funding sources, even more important than the cost of financing is the analysis of the involvement of outside agencies in the decisions of company management
SQ009	Public disclosure of corporate financial reporting on the public website or other looked source of information more significant risks than benefits to the entity
SQ010	Funding from the resources of the current shareholders of the entity has the advantage the fact of avoiding the disclosure of information from internal sources to external entities

Table 3 shows the general characterization of the sample, which is included in the analysis of participation in the study around the variables age, last/current level of studies, the most relevant fields of studies, gender, size of the entities for which the professionals work, accounting standards commonly used in the profession and years of experience. Additionally, we inserted two columns in the table on the importance attributed by professionals about the information provided by accounting for the purposes of decision making, subsequently grouped around an importance rated as "Low-Medium" or "High-Very High"[4]. Thus, it is possible to observe a higher concentration of professionals from the sample in about the following guidelines:

- **Age**: between 26 and 35 years (about 38%), followed them more closely those aged between 36 and 45 years (about 31%);
- **Last/current level of studies**: the bachelor's degree (over 50%);
- **The most relevant fields of studies**: Accounting, with about 62%;
- **Gender**: no major differences in this context (the male being surpassed by only 3% for females in terms of number of respondents by gender);

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[4] It should be stressed that responses were not identified who attributed "no importance" to the information provided by accounting.

- **Size of the entities for which the professionals work**: professionals working mostly in SMEs (83%);
- **Accounting standards commonly used in the profession**: in more than 70% of cases, use the accounting standards applicable to micro-entities;
- **Years of experience**: the highest concentration is observed in the range between 6 and 10 years (about 34% of cases).

Taking into account the importance attributed to information provided to accounting, is to point out the fact that professionals who work in larger entities, or not use national accounting standards for microentities allocate a higher degree of importance compared with the professionals who work in SMEs or use the national accounting standards for microentities.

This paper uses, in terms of methodology, different approaches to the collection of information. Given the number of variables that are simultaneously under review and the objectives of the investigation, we chose the multivariate analysis. There are different methods of multivariate analysis for purposes quite different from each other depending on the information to be obtained for the data collected. The multivariate analysis techniques have widely accepted within the social sciences, particularly for the analysis of correlations between variables measured by means of weighing scales (Hill and Hill [18]). Although they are recommended for large samples, a simple rule, also indicated by Hill and Hill [18], is the ratio between the number of variables and the number of cases is at least 0.20, which arise in the present study.

The analysis of the coefficient of reliability Cronbach's alpha will be used to assess the reliability of the grouping of certain items around the latent variables proposed (conservatism and secrecy). The value of α can be set as follows:

$$\alpha = \frac{K \times (\sum \text{das variâncias de cada item})}{(K-1) \times (\sum \text{da variância dos K items})}$$

As a measure of internal consistency, reliability analysis allows to identify the degree to which different issues are identified with the same concept, using the alpha coefficient. It is accepted if the value of 0.6 as the minimum value for the degree of identification expressed by alpha (Hill and Hill, 2008).

A multivariate factor analysis based on principal component aims at reducing the number of variables that might explain the phenomenon in question without loss of information concerning the original data. This technique is used to explore relationships among a set of variables. It is not your goal, however, confirm hypotheses or theories that lie behind the structure of a set of variables, but to identify the variables within the same purpose principal components. In the context of using this method, the rotation is applied to transform coefficients of principal components retained in a simplified structure (Pereira [27]). The analysis by the method of principal components varimax rotation maximizes use of the variance between the components, as is understood that "for all the components there are only a few significant weight and all others are close to zero" (*ibid*) .

Table 3: Issues of characterization - results obtained

Importance attributed by professionals about the information provided by accounting for the purposes of decision making		(Low-Medium) %	(High-Very High) %	%
Age:	Less than 25 years old	11,1%	88,9%	4,2%
	Between 26 and 35 years old	8,5%	91,5%	38,1%
	Between 36 and 45 years old	8,2%	91,8%	31,1%
	Between 46 and 55 years old	7,9%	92,1%	14,6%
	More than 55 years old	5,8%	94,2%	12,1%
Last/current level of studies:	Secondary level	18,9%	81,1%	8,6%
	Bachelors degree	5,0%	95,0%	50,8%
	Post-graduate degree	11,3%	88,8%	18,6%
	Master degree	8,4%	91,6%	22,0%
The most relevant fields of studies:	Accounting	7,1%	92,9%	62,2%
	Auditing	0,0%	100,0%	3,9%
	Finances	0,0%	100,0%	3,2%
	Law	14,3%	85,7%	3,2%
	Economy/Management	11,9%	88,1%	27,4%
Gender:	Male	9,6%	90,4%	48,5%
	Female	6,8%	93,2%	51,5%
Size of the entities:	SME's	8,4%	91,6%	82,8%
	Large companies	6,8%	93,2%	17,2%
Accounting standards commonly used in the profession:	National accounting standard for microentities	9,6%	90,4%	72,6%
	National accounting standard for other non-financial entities	5,3%	94,7%	22,0%
	International accounting standards (IAS/IFRS)	0,0%	100,0%	3,2%
	Other national accounting standards	0,0%	100,0%	1,6%
	Other international accounting standards	0,0%	100,0%	0,5%
Years of experience:	Less than 5 years	5,4%	94,6%	21,3%
	Between 6 and 10 years	7,7%	92,3%	18,1%
	Between 11 and 20 years	12,2%	87,8%	34,3%
	Between 21 and 30 years	4,8%	95,2%	14,4%
	More than 30 years old	5,9%	94,1%	11,8%
Total		8,1%	91,9%	

The analysis of the screen plot graph is an auxiliary that indicates the number of factors that can be used for extraction. The point at which there is a distinct break of slope of the curve identifies the maximum number of factors resulting from the factorial analysis.

The use of the KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) and Bartlett's test of sphericity are other equally relevant in the analysis of main components. KMO takes values between 0 and 1, and the closer the greater the adjustment unit (validity) of the data for analysis in the study. A value greater than 0.6 for KMO is considered as reasonable (Pereira [27]). The Bartlett's test of sphericity is an asymptotic distribution of $\chi 2$, for which the null hypothesis is rejected claims that there is no correlation between the initial variables.

4   Main Results

To analyze the association between two Gray [16] accounting values, namely, conservatism and secrecy, and corporate financing options, this study has used multivariate analysis techniques, which include reliability analysis and factor analysis.

The objective of reliability analysis is to identify, based on the items (questions) of questionnaire, latent variables related to each accounting values under study. The following table identifies the value for that coefficient based on the ten items from the General Questions:

Table 4: Reliability analysis for General Questions

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
,645	,648	10

The analysis of the correlation matrix inter-item identifies, in turn, the items for which it is possible to identify correlations greater than 0.35 (at least 0.362 and not more than 0.782), identified in the following table:

Table 5: Matrix of inter-item correlation to General Questions

Item:	SQ001	SQ002	SQ003	SQ004	SQ005	SQ006	SQ007	SQ008	SQ009	SQ010
Inter-Item Correlation Matrix										
SQ001	1,000	,107	,072	,015	,163	,072	,134	,376	,070	,362
SQ002	,107	1,000	,052	,198	,480	-,010	,756	-,014	,207	,054
SQ003	,072	,052	1,000	,078	-,049	,782	-,015	,049	,103	,014
SQ004	,015	,198	,078	1,000	,074	,046	,152	,048	,548	,045
SQ005	,163	,480	-,049	,074	1,000	-,082	,510	,081	,088	,055
SQ006	,072	-,010	,782	,046	-,082	1,000	-,009	,076	,149	,012
SQ007	,134	,756	-,015	,152	,510	-,009	1,000	,076	,201	,140
SQ008	,376	-,014	,049	,048	,081	,076	,076	1,000	,068	,564
SQ009	,070	,207	,103	,548	,088	,149	,201	,068	1,000	,100
SQ010	,362	,054	,014	,045	,055	,012	,140	,564	,100	1,000

Moreover, despite the fact that the Cronbach's alpha is not sufficiently high, based on the analysis of the correlation matrix inter-item set out below, it is possible to identify that the possible exclusion of some of the items with lower correlation inter-item does not result in improvements to the value identified for the Cronbach's Alpha.

Table 6: Matrix of Item-Total Statistics

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Item-Total Statistics					
SQ001	28,39	26,215	,290	,199	,624
SQ002	28,64	24,627	,411	,607	,598
SQ003	28,31	25,636	,262	,626	,632
SQ004	28,65	26,202	,268	,317	,629
SQ005	28,45	26,276	,285	,302	,625
SQ006	28,36	25,827	,251	,631	,634
SQ007	28,57	24,539	,436	,617	,593
SQ008	28,20	26,557	,276	,366	,627
SQ009	28,93	25,377	,347	,338	,612
SQ010	28,13	26,682	,283	,359	,626

The screen plot graph that aids set forth below, in turn, the analysis of components more strongly explained variance, and can be selected. Thus, based on this graph, there is a greater force in the power of the explained variance from the first to the second factor, decreasing gradually to pass between the third and fourth factor, from which there is a more pronounced break in slope of the curve.
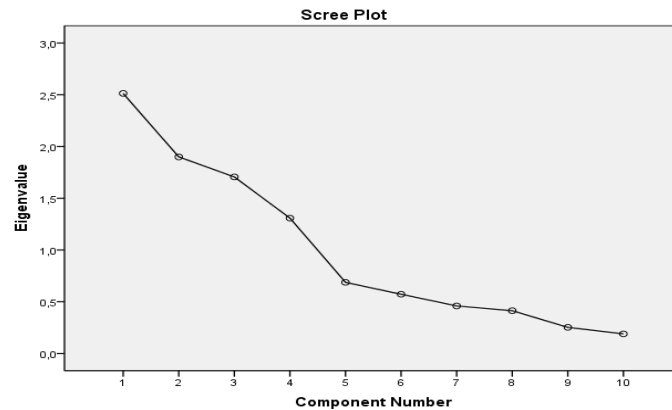

Figure 2: Screen plot graph

Following the graphical analysis, it is worth mentioning that the value of KMO was found to be 0.6, referenced by Kaiser (1974) as only moderately adequate. It should be noted, however, that the Bartlett's test of sphericity has a p-value less than 0.001, which shows that the variables are significantly.

Table 7: KMO value obtained

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,598
Bartlett's Test of Sphericity	Approx. Chi-Square	1393,399
	df	45
	Sig.	,000

The following table shows the number of factors extracted from factor analysis performed, and the percentage of the total variance explained. From the examination of this table it appears that the four factors extracted explain about 74% of the total variance.

Table 8: Total Variance Explained

Compo nent	Initial Eigenvalues			Extration Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumula tive %	Total	% of Variance	Cumula tive %	Total	% of Variance	Cumulat ive %
1	2,513	25,131	25,131	2,513	25,131	25,131	2,180	21,804	21,804
2	1,899	18,995	44,126	1,899	18,995	44,126	1,886	18,865	40,669
3	1,706	17,059	61,185	1,706	17,059	61,185	1,793	17,934	58,603
4	1,308	13,082	74,267	1,308	13,082	74,267	1,566	15,665	74,267
5	,687	6,871	81,138						
6	,572	5,723	86,862						
7	,459	4,593	91,455						
8	,413	4,131	95,586						
9	,252	2,524	98,110						
10	,189	1,890	100,000						

Extration Method: Principal Component Analysis.

Table 9: Factor analysis

Rotated Component Matrix[a]				
Item:	Component			
	1	2	3	4
1 [SQ001]	,158	,685	,083	-,037
1 [SQ002]	,878	-,017	,042	,159
1 [SQ003]	,001	,026	,941	,047
1 [SQ004]	,078	,002	,007	,879
1 [SQ005]	,763	,095	-,074	-,030
1 [SQ006]	-,041	,045	,940	,060
1 [SQ007]	,883	,090	-,002	,121
1 [SQ008]	-,025	,841	,028	,044
1 [SQ009]	,113	,067	,097	,859
1 [SQ010]	,027	,828	-,038	,074

a. Rotation converged in 5 iterations.

It is noted also that the said first factor approximately 22% of the total variance. The second, third and fourth factor, in turn, explain, respectively, 19%, 18% ee 16% of the total variance.

Table 9 shows the factor analysis performed for the ten items in the questionnaire.

Taking into account the number of factors extracted, the following table presents, in the first column, the concept identified in each of the components of the factor analysis. In the second column are listed each of the questions identified around each of the groups extracted. The third column, finally, shows the Cronbach's Alpha values found for each accounting value.

Table 10: Reliability analysis for components

Reliability Statistics				
Concept identified	Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
The conservatism and financial reporting	[SQ003], [SQ006]	,878	,878	2
The conservatism and the corporate financing	[SQ002], [SQ005], [SQ007]	,808	,807	3
The secrecy and financial reporting	[SQ004], [SQ009]	,708	,708	2
The secrecy and the corporate financing	[SQ001], [SQ008], [SQ0010]	,694	,697	3

This framework thus allows to identify the grouping of items (questions) around each of the four components factor analysis, meeting each of the associated components, individually or jointly to their accounting values proposed by Gray [16] and corporate financing.

Note that the lines of the above table have been repositioned in terms of greater Cronbach's Alpha values found. Thus, the issues [SQ003], [SQ006] are related to the conservatism and financial reporting, which present the greatest value for the coefficient alpha (0.878). Following questions arise [SQ002], [SQ005], [SQ007], related to conservatism and corporate financing, with an alpha of 0.808. Finally, issues arise [SQ004], [SQ009] (with an alpha of 0.708), identified with the secrecy and financial reporting, and issues [SQ001], [SQ008], [SQ0010], proposals for the secrecy and corporate financing (with an alpha of 0.694).

By analyzing the above table, it appears that the first factor most strongly

integrates three questions on the accounting value of conservatism in its association with the corporate finance ([SQ002], [SQ005], [SQ007]), related, respectively with the entry of new members, the participation of members in the management and entry of the entity into new markets.

The second factor integrate other three issues related to the accounting value of secrecy in their association with the corporate finance ([SQ001], [SQ008], [SQ010]), related, respectively, with the opening of the shares to third parties, the involvement of outside parties in the management and financing from the resources of the current shareholders.

The third and fourth factor integrate two questions each, associated, respectively, with the conservatism ([SQ003] and [SQ006]) and secrecy ([SQ004] and [SQ009]), no direct association with the financing business. In the first case (third factor), it identifies two issues associated with the choice of accounting policies consistent with the tax laws and the preferential option for the measurement based on historical cost. In the second case (fourth factor), it identifies two issues associated with disclosure and compliance with a legal obligation and disclosure of information as a risk to the reporting entity.

5   Conclusions

From the results obtained in this study it was possible to identify the grouping of items around each of the accounting values from Gray [16] analyzed in this study, namely, conservatism and secrecy, isolated or associated with issues related to corporate financing.

This study has some limitations. This study focused on the Gray [16] accounting values and its association with the issues relating to corporate finance, is not proposing to investigate the factors that are the basis or origin of associated cultural factors within the subculture of Accounting.

The small number of questions can also be identified as a limitation. However, the difficulties inherent in the process of conducting a questionnaire, including its extension, could contribute to reducing the number of responses, because of the maintenance of a smaller number of issues.

Similarly, studies surrounding cultural values and professional judgment have, but a limitation, a very subjective factor and insuperable should also be referenced here.

Understand the impact and incidence of concepts related to accounting practices, based on professional judgment, contributes to the objectives behind the harmonization process, namely, the actual comparability of financial reporting at the international level, are more easily achieved. Since culture is a factor changing in time, new studies could look into the factors that are the source of cultural change, its effects within the subculture of Accounting, and more specifically, within the values defined for accounting professionals.

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