

## A Model for Improving Ethical Decision-Making in Accounting Based on a Grounded Theory Approach<sup>1</sup>

Alidad Nooshfar<sup>2</sup>, Abdolreza Mohseni<sup>3</sup>, Mostafa Ghasemi<sup>4</sup>

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### INTRODUCTION

Ethical decision-making refers to a concept whose impacts on organizational desirability and relevant objectives are clear, as having an approach or model in this connection will reveal ethical decision-making within the organization as a powerful instrument. Thus, this article aimed to develop a model to improve ethical decision-making in the accounting profession using a Grounded Theory approach. Intensified conflicts of interest in today's business world have made it such that it is hard to find a business without at least one major accounting scandal. The late Iranian poet Mohammad Taqi Bahar said, "*Alive are the nations of time with ethics/ Folks who lost their morals shall not survive*". Therefore, the issue of ethics and morality elements is a major topic in today's professional organizations. Ethics is recognized as a key variable that can determine organizational success by helping the organization to reduce tension and March towards its goals, which transforms ethics into a competitive advantage (Mosavi, Vashni, 2015). This study employed a grounded

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2. Ph.D. Student, Department of Accounting, Bushehr Branch, Islamic Azad University, Bushehr, Iran. (Da.noshfarali@iaubushehr.ac.ir).

3. Assistant Professor, Department of Accounting, Bushehr Branch, Islamic Azad University, Bushehr, Iran. (Corresponding Author). (Rmohseni@iaubushehr.ac.ir).

4. Assistant Professor, Department of Accounting, Bushehr Branch, Islamic Azad University, Bushehr, Iran. (m.ghasemi@iaubushehr.ac.ir).

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theory approach to investigate ethics among accountants and financial managers, as major players in the financial affairs of any organization, and present operational concepts.

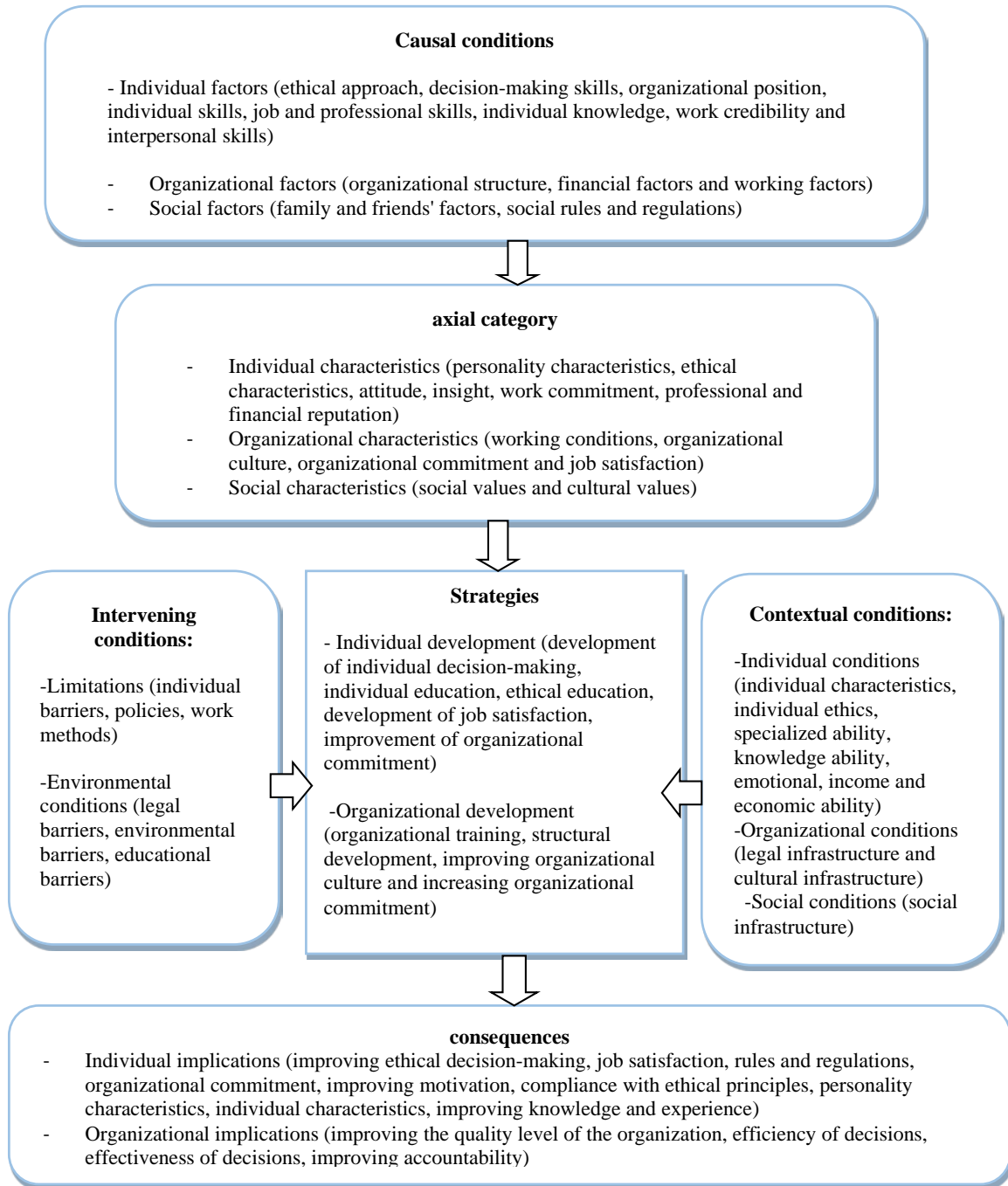
## **MATERIALS AND METHODS**

This research has used Grounded Theory-based qualitative approach to model ethical decision-making, utilizing the confirmatory factor model and the Q model approach to confirm the indicators classified. This research used the views of 11 accounting and auditing professionals to determine and confirm such indicators as causal, underlying, and intervening conditions, as well as strategies and outcomes, in line with a grounded model.

## **RESULTS AND DISCUSSION**

Consistent with the 181 concepts on ethical decision-making in accounting, the results led to the development and confirmation of a paradigm with the number of 15 main categories (e.g., individual, organizational and social factors, individual, organizational and social characteristics, and individual, organizational and social conditions, limitations, environmental conditions, individual and organizational development, individual and organizational outcomes), and 63 secondary categories, which were consistent with the paradigmatic structure under causal, underlying, intervening conditions and strategies and outcomes sections in the model. If open coding involves breaking and separating the data, axial coding involves bringing these categories together with different conceptual methods and reestablishing internal relations between the basic categories expanded in open coding. Through axial coding, this study established links between categories and identified "causal conditions", "axial category", "intervening conditions", "contextual conditions", "strategies" and "consequences". Considering the results obtained from the collected data and also the process of data analysis using the grounded theory model, the conceptual model for this research was developed at the end of the selective coding stage (Figure 1).

Figure 1. Theoretical Framework (Source: Researcher)



## CONCLUSION

The confirmation of the classification of the proposed model's indicators using the Q theory and confirmatory analysis and its qualitative approach using angulation or triangulation technique led to greater confirmation of its results. This study aimed to present a model for improving ethical decision-making in the accounting profession using the grounded theory approach. Various interviews were conducted with experts using the grounded theory approach and the data were analyzed via MAXQDA, Q methodology, and factor analysis. The indicators were verified through the KMO and Bartlett's test (Table 1):

**Table 1. Results of KMO and Bartlett's test**

| No. | Indicator              | No. of approved categories | No. of approved concepts | KMO & Bartlett statistics | Significance level |
|-----|------------------------|----------------------------|--------------------------|---------------------------|--------------------|
| 1   | causal conditions      | 13                         | 31                       | .678                      | 0.000              |
| 2   | axial category         | 13                         | 35                       | .677                      | 0.000              |
| 3   | contextual conditions  | 9                          | 33                       | .623                      | 0.000              |
| 4   | intervening conditions | 6                          | 21                       | .647                      | 0.000              |
| 5   | strategies             | 9                          | 18                       | .773                      | 0.000              |
| 6   | consequences           | 13                         | 43                       | .644                      | 0.000              |
|     |                        | 63                         | 181                      |                           |                    |

(Source: Researcher)

The results show that the factor analysis was confirmed in this research. According to the factor analysis and interview results, various indicators, categories, and concepts influence the improvement of ethical decision-making in the accounting profession, some of which have also been confirmed in previous studies. For instance, Casali and Perano (2021), Dunn and Sainty (2020), and Namazi and Ebrahimi (2015) state that personal, religious, and divine qualities in individuals and accountants affect ethical decisions. Lee and Xiao (2018) argue that individuals rely on their internal behavior and attitudes when making ethical and accounting decisions. Moreover, Fagbemi (2020) stated that job satisfaction and organizational commitment are among the main factors that influence accounting ethics, which is consistent with the findings of the present study.

**Keywords:** Accountants' Ethical Decision-Making, Accounting Profession, Grounded Theory, Model.

**JEL Classification:** M41, M4.

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