

Comparative Study of Identified Factors Affecting Accounting and Auditing Ethics by Knowledge Analysis Method Relying on Four Multi-Criteria Evaluation Approaches¹

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Research Paper

INTRODUCTION

Morality has been defined as the spiritual and esoteric attributes of man that appear in the form of actions and behaviors that arise from the inner creations of man, and for this reason it is said that morality can be defined through his works. Today, organizations are increasingly involved in an issue called the moral dilemma. That is, the situation that must once again be defined as wrongdoing and righteousness, because the line between righteousness and wrongdoing has become more and more blurred.

On the other hand, the ethical or non-ethical behavior and performance can cause positive or negative consequences at the organizational level. Ethics is a pervasive subject that covers all aspects of human life. Morality is a necessity of a healthy society. Every society that can spread moral principles and values among its people has fulfilled the precondition of moving in the path of excellence. In the accounting profession, given that the members of this profession interact a lot with people in the community, as a result, non-compliance with the principles and ethical regulations related to the accounting profession can have a significant impact on the

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development and growth of the profession in society and challenge the performance of the profession (Moradi and Zakizadeh, 2013).

Miller et al. (2021) evaluate the effectiveness of the accounting valuation curriculum as a relatively new curriculum in an empirical study.

The present study was conducted with the aim of "identifying and ranking the factors affecting accounting and auditing ethics based on multi-criteria decision-making methods."

THEORETICAL FOUNDATIONS and RESEARCH BACKGROUND

The main concept in the literature is "ethics" and one of the main conceptual issues is how "ethical behavior" is identified and in what sense it is "ethical". There is an ancient tradition that believes that "moral behavior" is behavior that is shown to be correct through the theory of morally correct action. It is "moral" in a sense, precisely because it is a behavior that is considered correct on the basis of a particular theory or a certain value basis. However, many ethicists believe that the question: which moral theory is correct? It responds by revising specific moral behaviors. This means that some behaviors in certain situations are morally correct. Because it provides a moral intuition that any moral mindset or moral value encounters, it must conform to a theory if it is considered correct. Therefore, the myriad theoretical foundations of ethics that exist today will be briefly discussed. However, it is important to first pay attention to the emergence and historical development of ethics in order to create a framework in which all these theoretical views on ethics fit and evolve.

The accounting profession is also one of the most organized and disciplined professions in the world and due to the type and nature of the services it provides, it must have a special reputation and trust. The maintenance of this credibility and trust and its strengthening depends on the intellectual and practical commitment of members of the profession to its behavioral and moral standards (West, 2017).

Because accounting has the above characteristics and is a skill that requires expertise and has clients who rely on this expertise, it is therefore considered a profession. To be a professional, an accountant is committed to looking after the interests of his or her various clients (Nathan, 2015).

The professional accountant must perform professional services in accordance with the relevant professional principles and rules, as well as perform the requests of his client or employer in such a way that with the

requirements of professionalism, impartiality and independence are also independent is consistent (Zarei et al., 2017).

RESEARCH BACKGROUND

Elyas (2020) in a survey of accounting staff found that while all three groups viewed the manipulation of accruals as an unethical decision, accounting staff viewed real earnings management as an ethical decision. Also, the results show a negative relationship between religion and earnings management of accruals and indicate that religion is an effective factor in reducing earnings management of accruals.

Success or failure of businesses depends a lot on the ethical behavior of employees in an organization. Friederike Sophie Reck(2021) interviewed 19 employees in 7 businesses and found that family characteristics affect how employees behave in business.

Asadian Oghani et al. (2021) examined the impact of self-interest threats on ethical sensitivity by emphasizing the mediating role of auditors' ethical rigor. Findings show that the threat of personal interests has a positive and significant effect on moral sensitivity and this effect is exacerbated by the variable of moral intensity. Therefore, based on the theory of social cognition, it can be said that the existence of a threat to personal interests due to the fear that the negative consequences of these threats create for auditors, increases the moral sensitivity and ethical severity of auditors to ethical issues.

Kadkhodai and Bani Mahd (2021) examined the relationship between value orientation, positive emotions, and perception of fairness with internal auditors' willingness to report fraud. Value orientation is an important variable in work ethic that includes people's beliefs and beliefs in material and metamaterial issues. The results of hypothesis testing show that value orientation has a significant and positive relationship with the tendency of materialistic internal auditors to report fraud. But this relationship is significant and negative in the group of metamaterial auditors. The enlightenment of this research is the introduction of value orientation theory to behavioral accounting and auditing texts. The results of this study can also provide useful information to internal audit profession policymakers about fraud reporting.

RESEARCH METHOD

The present study is a quasi-experimental study with a theoretical-applied purpose and is carried out after different stages by a qualitative or

judgmental method. The qualitative part of the research includes the analysis of the field of knowledge in reviewing the research literature and the content analysis model in identifying the factors affecting ethical behavior in accounting and auditing as well as Delphi interviews with experts to refine and categorize the identified factors. Therefore, the statistical population consists of experts familiar with the subject of research (university professors in the field of accounting and finance). In this study, contrary to the general research that has been done in the field of ethical behavior and the factors affecting it, using a survey plan to identify, categorize, refine and evaluate the factors affecting ethical behavior in accounting and auditing in individual, organizational, cultural and other issues in this field.

In this research, in refining the effective factors and determining the final model, among university professors, experienced researchers and authors or experts in general, 17 people have been selected and in determining the importance of factors and determining the relationship between them among auditors, financial experts and managers sampled randomly.

RESEARCH FINDINGS

1-IDENTIFYING the ETHICS of ACCOUNGING and AUDITING and the FACTORS AFFECTING IT

In this regard, based on knowledge analysis and content analysis, at first, the components of accounting and auditing ethics and the factors affecting it have been identified. This identification is based on research in the literature related to research and studies conducted in this field, the details of which are described in the second chapter of this dissertation. Based on the analysis of the field of knowledge and the application of the content analysis model, accounting and auditing ethics.

2- PRIORITIZATION of INDICATORS by AHP METHOD

The method of data analysis in this study is based on the AHP model. This method can be useful when the decision-making action is faced with several options and decision indicators. Indicators can be quantitative or qualitative. This method is based on pairwise comparisons. The process of ranking and prioritizing options in the AHP method involves the following steps.

Table 1. Matrix of pairwise comparisons of factors affecting accounting and auditing ethics

Factors	Individual	Social	Cultural	Organizational	Government and legal environment	Economic	Corporate governance	Intelligence
Individual	1	0.52	0.58	1.06	0.97	0.81	1.22	1.04
Social	1.94	1	0.72	1.37	1.37	1.25	0.90	1.09
Cultural	1.72	1.38	1	1.43	1.85	1.39	0.95	1.08
Organizational	0.94	0.73	0.70	1	0.56	0.54	0.86	0.79
Government and legal environment	1.03	0.73	0.54	1.80	1	0.61	0.96	0.79
Economic	1.23	0.80	0.72	1.86	1.64	1	0.63	0.70
Corporate governance	0.82	1.11	1.05	1.16	1.04	1.60	1	0.79
Intelligence	0.96	0.92	0.93	0.88	1.26	1.43	1.26	1

The table above shows the relative importance of the main factors from the perspective of experts. The incompatibility rate of pairwise comparison of these factors is 0.024, which indicates the acceptable accuracy of this pairwise comparison.

- FINAL WEIGHT

We now obtain the weights and calculate the incompatibility rate for the integrated matrix of ethical dimensions (with sixteen experts in accounting and auditing ethics), which should be less than 0.1 to indicate good consistency in the comparisons. The weight of each of these dimensions is given in Table (2).

The incompatibility rate for the integrated matrix comparison of the main criteria (with the expert twelve) is equal to 0.0032, and since this rate is less than 0.1, it indicates good compatibility in the comparisons and the priorities obtained from the comparisons can be trusted. Incompatibility rates for other matrices of integrated pairwise comparisons for indicators under the relevant criteria, ie under the criteria of individual, social, cultural, organizational, governmental and legal, economic, corporate governance and intelligence are 0.0025, 0.0031, 0.0124, 0.0011, 0.0035, 0.0021, 0.0031 and 0.0028, respectively. Finally, according to Table (2), the weight of each index is given to us.

Table 2. Final weight of main factors and prioritization of factors

Rank	Final weight	Main factors
1	0.1351	Government and legal environment
2	0.1321	Economic
3	0.1289	Individual
4	0.1246	Social
5	0.1223	Cultural
6	0.1217	Corporate governance
7	0.1210	Organizational
8	0.1142	Intelligence

According to Table (2), the most important and least important factor affecting the principles of accounting and auditing ethics from the point of view of experts were the factors of government and the legal environment, respectively, and was intelligence. Economic, personal, social, cultural, corporate and organizational governance factors were other influential factors, respectively.

- The RELATIONSHIP between ACCOUNTING and AUDITING ETHICS and the FACTORS AFFECTING IT

In this study, based on the studies of Miller et al. (2021), Ogry et al. (2019) and Mintz and Murray (2020) and others, the relationship between accounting ethics and auditing as a dependent variable and individual, social, cultural, organizational, governmental components. And legal, economic, corporate governance and intelligence environment have been studied as explanatory variables and effective factors.

In order to evaluate the relationship between the components of accounting and auditing ethics and the factors affecting it, advanced multi-criteria path analysis or decision-making has been used. Based on this, the multi-criteria decision model has been estimated according to the conceptual model of the research and the final table of 3 in two significant and standard dimensions.

Table 3. Results of structural equation modeling

No	Direction	Path coefficient	t static	Result	Coefficient of determination
1	Intellectual components ← Accounting and auditing ethics	0.182	3.478	Accepted	0.569
2	Social components ← Ethics of accounting and auditing	0.164	3.965	Accepted	0.408
3	Cultural components ← Ethics of accounting and auditing	0.105	3.664	Accepted	0.446
4	Organizational components ← Accounting and auditing ethics	0.144	3.025	Accepted	0.608
5	Components of government and legal environment ← Ethics of accounting and auditing	0.125	3.661	Accepted	0.519
6	Economic components ← Accounting and auditing ethics	0.109	4.201	Accepted	0.638
7	Components of corporate governance ← Accounting and auditing ethics	0.122	4.004	Accepted	0.429
8	Intelligence components ← Accounting and auditing ethics	0.128	3.338	Accepted	0.449

CONCLUSION

In this study, based on the research literature, the relationship between the principles of accounting ethics and auditing as a dependent variable and individual, social, cultural, organizational, governmental and legal, economic, corporate governance and intelligence environment as explanatory variables and effective factors are studied. The research method in terms of theoretical-applied purpose, relies on survey research design and descriptive-inductive inference method and due to the nature of data and analysis method has been mixed (quantitative-judgmental). First, based on the analysis of the field of knowledge and the qualitative model of content analysis, the criteria for measuring accounting and auditing ethics and the factors affecting them were identified. Then, based on the Delphi persuasive survey, 16 professors and experts in the field of accounting and auditing ethics were selected non-randomly and based on a multi-criteria model of fuzzy network analysis to evaluate and refine the most effective size measures. Taking variables and explaining the final model was suggested.

In order to validate the proposed model, by random selection of 420 financial managers or financial, accounting and auditing experts, 420 distribution questionnaires were used and finally 403 items were used in the analysis of findings. Consonant analysis showed that there was a consensus between the types of comments of individuals on the ethical components, regardless of gender, age, experience, marital status and level of education, and together on the high importance of the principles of accounting and auditing ethics and factors have stated effectively.

After diagnostic tests including evaluating the normality of the distribution of variables, homogeneity of variance, confirmatory factor analysis and validation of the appropriateness of multi-criteria decision-making model, advanced multi-criteria decision-making models, path analysis and direct regression estimation are used for interpretation. Finally, the coefficient of determination was used to validate the estimated relationships and the Student's t test was used to assess the significance level of these relationships.

Keywords: Accounting and Auditing Ethics, Hierarchical Analysis, Best Worst Method, Gray Method.

JEL Classification: G41, G30, H32.

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