



## AUDITORS' PERSONAL VALUES AND ETHICAL JUDGEMENT AT DIFFERENT LEVELS OF ETHICAL CLIMATE: A CONCEPTUAL LINK

**Ahmed Mohamed Alteer**

*Faculty of Economics and Political Sciences, Misurata University, Libya*

**Sofri Bin Yahya**

*Graduate School of Business, Universiti Sains Malaysia*

**Md Harashid Haron**

*School of Management, Universiti Sains Malaysia*

---

### ABSTRACT

*The purpose of this paper is come up with theoretical model through understanding the causes and motives behind the auditor judgements. The finding of this study that there are several ethical theories a models provide a significant understanding of ethical issues and suggested factors that may affect ethical judgement decision. The suggestion model proposes that ethical judgements are influenced by personal values via ethical sensitivity. Nonetheless, the influence of personal values on ethical sensitivity is expected to be stronger at higher level of ethical climate.*

---

**Keywords:** Auditors, Ethics judgement, Ethical sensitivity, Personal values and ethical climate.

### 1. INTRODUCTION

Ethics in accounting and auditing area are specifically related to accountants and auditors themselves. Usually accountants may work in public or private practice, and are expected to adhere to ethical standards that are designed to ensure that they act in a consistent and moral manner. In some areas, in order to be a certified accountant, the candidate concerned must take note of a code of ethics. The candidate must show compliance or be stripe of ratification by the people, if he/she fails to adhere to the code of ethics. Most accountants are professionals who in order to remain as members, must agree to uphold the ethical standards, and will be removed from the organization if they fail to do so. This is because moral principles and standards of conduct are a traditional social measurement of bad or good behaviour. In addition, there is a strong relationship between individual ethics and social environment (Nur, 1980).

In 2001, the largest corporate bankruptcy of Enron was revealed when it was discovered that the crimes occurred against some well-planned regulatory activities, such as accounting fraud and corruption. In addition, today, Enron is often seen as a good example of companies that are bad (Kennedy, 2004). Therefore, the auditing profession has started to focus more on ethics due to

corporate scandals, both locally in any country as well as internationally in bodies of international accounting. Such scandals have resulted in the auditors' trustworthiness and objectiveness being questioned by many financial statement users (Flint, 2005).

In addition, the auditors' professional conduct has played a fundamental role in increasing the confidence of financial statement users, to confirm the integrity of the financial statements (Karajeh, 2004). However, in the face of an increasing number of legal issues among international auditing companies as a consequence of their involvement in the moral and professional issues for several consecutive years leading to the failure some of the international companies such as Enron Energy and World Com, the reliability of auditors has taken a strong beating. This is followed by the failure of the greatest auditing company under scrutiny in the world, "Arthur Anderson" because of its contribution in those international companies.

As well as Auditors are frequently faced with moral dilemmas in their exercise of professional judgment, these moral dilemmas are complex, unpredictable and not amenable to resolution through the application code of conduct (Gaa, 1992). Moreover, auditor independence (the most powerful thing to engage auditors' ethical judgement) will be lost if the auditors have a personal relationship with their clients, as this may influence their mental attitude and opinion (Nasser *et al.*, 2006).

Furthermore, the potential influence of internal and external factors on ethical judgement decision has been recognized in both the psychology and organizational behavior literature (Hunt and Vitell, 1986; Street *et al.*, 2001; Roy, 2009). Individual characteristics and situational characteristics play a central role in ethical decision-making. Also the evidences show that auditors have faced many different social pressures (from superiors and peers) that probably affect their ability to judge in conflict situations (Wennerholm, 2006). Therefore, the ethical judgement decision is influenced by many factors including personal values and ethical climate

Additionally, many studies that examine ethical decision-making processes have investigated the personal values and environmental factors (e.g., (Shafer *et al.*, 2001; Abdolmohammadi and Baker, 2005; Steenhaut and Kenhove, 2006; Fritzsche and Oz, 2007; Ho and Lin, 2008; Karacaer *et al.*, 2009) (Fan, 2009). Yet, few studies have examined personal values, and ethical climate together that are associated with auditors' ethical judgement decision-making. Therefore, this study is going to contribute and fill up the gap in the ethical judgement literature by introducing the linking between personal values and ethical judgement through ethical sensitivity with ethical climate as moderator conceptually in an audit context.

## 2. LITERATURE REVIEW

Ethical judgment research in auditing is part of a larger area of psychological research called behaviour decision section which is concerned about individuals and small group judgments and decision making to understand how judgments are made, how they can be improved and what are the reasons behind those judgements (Trotman, 1998). Several researchers have examined frameworks to understand the determinants of ethical decision making using psychology theory or models such Ferrell *et al.* (1989), Hunt and Vitell (1986) and Rest (1986).

## 2.1 Ethical Judgement Decision

This study tended to lean towards psychological construction of ethical decision definition through ethical theories, and it considers the definitions from two of the most usable models of ethical decision-making literature Hunt–Vitell’s model and Rest’s four-component model. [Hunt and Vitell \(1986\)](#) has defined ethical judgments as “the belief that a particular alternative is the most ethical alternative.” Based on this definition, ethical judgments require identifying the most ethical choice of alternative options. Furthermore, they suggested that options must be compared in any way with one another. In contrast, it has been suggested by [Rest \(1986\)](#) that ethical judgments may be singular. His definition of ethical judgment as psychological construct that characterises a process by which an individual determines action in a particular situation is right and another action is wrong. Similar to Hunt and Vitell, Rest refute the ethical judgment making process as one choice among options in any situation.

The preceding definitions of ethical judgments differ from that of [Hunt and Vitell \(1986\)](#) in the form another important characteristic. When strictly read, they suggest a sort of binary nature to ethical judgments. That is people judge ethicality as either “right or wrong” ([Rest, 1986](#)), “ethical or unethical” ([Schwepker, 1999](#)), or “good or bad” ([Valentine and Rittenburg, 2004](#)). Based on the Hunt–Vitell model and [Sparks and Pan \(2010\)](#) defined ethical judgment as an individual’s personal evaluation of the degree to which some behaviour or course of action is ethical or unethical.

Based on these models, it is argued that differences in ethical judgments are affected by many kinds of individual factors and issue related factors through the first stage of the ethical decision making process. In addition, a numbers of prior researches have covered the underlying ethical decision processes of professional auditors in practice. In general, findings of these studies confirmed that a lot of demographic and personal variable effected auditor ethical judgment.

## 2.2 Personal Value

Value as “an enduring belief that a specific mode of conduct or end state of existence is personally preferable to an opposite mode of conduct or end-state of existence” ([Rokeach, 1973](#)). The definition highlighted values as beliefs about desirable goals and styles of conduct. [Rokeach \(1973\)](#) also affirms that these desirable modes of conduct are abstract ideals, which represent ideal existence such as security, happiness, freedom, equality, state of grace, and salvation. According values are criteria that we learn to employ to guide action or to evaluate and judge ourselves and others by comparing ourselves to others.

The concept of personal values is viewed as a relatively permanent construct that shapes the general personality of an individual. Values are believed to be fundamental components ingrained in a person’s make up and are determinants of attitudes and behaviour. Rokeach’s perspective of a value system remains influential ([Easterbrooks and Scheetz, 2004](#)). [Rokeach \(1973\)](#) stated his own definition and instrumentation of the human value construct more rationally and psychometrically sound than other instruments currently available ([Kelly, 1990](#)).

In addition, [Rokeach \(1973\)](#) did not provide empirical evidence for his classifications of values, but later studies have used factor analysis to present evidence in support of this and other

classifications. However, prior studies using factor analysis technique provided empirical support for Rokeach's that it has four dimensions classification namely social, personal, competence and moral values. Generally, values may be enduring, but they are not completely stable and may change to fit the changes of an evolving society (Cileli, 2000).

Theoretical models of ethical decision-making (e.g., (Ferrell and Gresham, 1985; Hunt and Vitell, 1986) suggest and demonstrate that personal values provide the bases for ethical judgments. Hunt and Vitell (1993) included the personal values in their theory as one of several personal characteristics that potentially influence all ethical decision process. Also the role of personal values in ethical decision making was also explicitly recognized in Ferrell and Gresham (1985) theoretical model.

### **2.3 Ethical Sensitivity**

Ethical sensitivity is "the empathic interpretation of a situation in determining who is involved, what actions to take, and what possible reactions and outcomes might ensue" (Endicott, 2001). The Ethics Education Framework (EEF) presented by International Accounting Education Standards Board (Leung et al., 2006) describe individual ethical sensitivity as the ability to recognize an ethical threat or issue when it occurs and being aware of alternative courses of action which can lead to an ethical solution. It also includes an understanding of how each alternative course of action affects the parties concerned. Enhancing ethical sensitivity through ethics education will enable accountants to more readily identify any threat.

Perceptions are evaluated in terms of ethical norms or moral judgments to make a decision about the ethical dilemma. However, the individual must first perceive an ethical problem to evaluate the situation (Roxas and Stoneback, 1997). Practically, the individual must perceive alternative courses of action and consequences to these actions. The ethical judgments are derived from considerations of the "moral values" that guide action and from consideration of the consequences of the action (Roxas and Stoneback, 1997).

### **2.4 Ethical Climate**

Ethical climate as defined by Victor and Cullen (1988) is "the shared perception of what is correct behaviour and how ethical issues should be handled". This definition has used sociological perspectives for developed a theoretical concept bases of ethical climate in organization. More specific, they used two theoretical perspectives to describe the different types of ethical climates that really exist in organizations, firstly, ethical criterion, it has adopted from three major of ethical theory egoism, benevolence and deontology or principle. Secondly, clad locus of analysis, it relates to who the referent is for one's actions. The three locus of analysis include oneself, one's organization, and cosmopolitan (the environment external to the organization).

### **2.5 Personal Values, Ethical Climate, Ethical Sensitivity And Ethical Judgement Link**

Theoretical models and theory of ethical decision-making suggest and demonstrate that personal values provide the bases of ethical judgments (Forsyth, 1980; Ferrell and Gresham, 1985;

Hunt and Vitell, 1986; Rest, 1986). (Hunt and Vitell, 1993) included the personal values in their theory as one of several personal characteristics that potentially influence all ethical decision process. The role of personal values as predictor variable of ethical judgement decision was also explicitly recognized in contingency model of ethical decision making in a marketing (Ferrell and Gresham, 1985). The ethical decision making and behaviour are potentially influenced by personal values in both the social psychology and organizational behaviour literature (Rokeach, 1973; Hunt and Vitell, 1986). Moreover, several Empirical studies have shown a positive link between personal values and ethical sensitivity and judgement decision (Steenhaut and Kenhove, 2006; Fritzsche and Oz, 2007; Mingzhi, 2008). However, several studies have failed to provide real support for the effect of personal values on ethical judgment in organizational contexts (e.g., (Akaah and Lund, 1994; Finegan, 1994).

The important of personal values on ethical decision making have been studied in the accounting and business literature for a number of years (e.g., (Laroche *et al.*, 2001; Ho and Lin, 2008; Mingzhi, 2008). Few previous studies have investigated the influence of auditors' values on professional auditors' ethical decision making (Shafer *et al.*, 2001; Mingzhi, 2008; Fan, 2009). In one of the earliest studies of values in accounting, Baker (1976) refutes the value systems of accounting and non-accounting majors using the Rokeach Value Survey. Baker found that his study results were inconclusive as to whether accounting and non-accounting majors possessed different value systems (Shafer *et al.*, 2001).

Different from previous accounting studies, the study by Wright *et al.* (1997) was the first one that investigates the relationship between ethical values and decisions in the accounting section (Shafer *et al.*, 2001). Wright *et al.* (1997) checked the individual value systems of ethical influence perceptions using a sample of senior accounting students, they found that value systems did not appear to influence the ethical perceptions of cases. Issues seen as less moral imperative, value systems influenced their perceptions of ethical issues. Moreover, Shafer *et al.* (2001) investigation into the relationship between the value of personal preferences and auditors' ethical decisions engaged. This study is the first empirical study of accounting to address the role of ethics in decision-making processes of professional auditors. Shafer *et al.* (2001) used Jones' ethical decision-making model (1991) that supposes values influence the decision-making process. Using 323 AICPA members sample, they found very little support for the effects of personal values on ethical decision-making. However, the results of the study showed that perceptions of ethical provisions affect moral behavioural intentions.

In addition, the social learning model (Bandura, 1978) claimed that behaviour is the response to the interaction effect of individual internal processes and external environment (Chan, 2007). Researchers raised the issue that the impact of a moderator on the personal factors-behaviour relation (Chan, 2007). This moderator may be the situation (environment), such as the organization culture such that ethical climate in which behaviour outcome takes place (Barrick and Mount, 1993). The environment provides a strong indication on some desirable behaviours, the personality factor may play a lesser role in explaining behaviour in organizations (Beatty *et al.*, 2001). Therefore, it is essential to identify and compare the impact of both individual and environmental factors on the auditors' outcomes.

### 3. THE PROPOSED OF THEORETICAL FRAMEWORK

In the psychological literature, Jean Piaget (1965) theory of developmental theory has shown that, ethical reasoning is growth in different stages through human interaction with the social environment. In this theory, Piaget confirmed that the ethical sense could upgrade and move up from an external ethical source to an internal ethical source. On the other hand, ethical sense moves from obey the outside rules to abide these rules based on the conviction.

In this vein, Piaget confirmed that, ethics is established internally in the adult stage. However, ethical developmental evolved internally in order to be an ethical judgement autopilot. This perspective does not ignore the fact that the individuals behave with regard to internal morals that could interact with the external environment. In addition, ethical judgement might depend also on the social conditions that comprise some factors such as logical relationship, agreement, and mutual respect among individuals. Based on the above, there is a multiple consideration among individuals in order to make ethical judgements (Piaget, 1965).

Piaget (1965) considered ethical judgement as thinking of the moral evaluation of some events, which preceded by any congenital conduct. Ethical reasoning is not just the application and implementation of a system or prevailing law, but underlying a logical choice between the right or wrong decision with ethical judgement, and finally justifying this choice. Ethical behaviour is unclear due to many contributory factors that contain several items, and ethical judgement is one of these items (Piaget, 1965).

Moreover, Rest (1986) developed a model of Cognitive Moral Behaviour. His model has accepted as a wide perception, and several studies have investigated by using the theoretical concepts of this model. However, the main approach in this model is ethical judgement is guided by moral awareness. Meanwhile, being aware of a moral dilemma involves recognising an ethical issue is at stake in a given situation. Awareness precedes judgment, which is a process of seeking the most morally justifiable course of action from the alternatives (Blum, 1991; Rest, 1994). Rest (1994) also affirmed that moral judgement is only part of the psychology of morality. He explicitly includes moral awareness in his Four Component Model of moral behaviour, calling it “moral sensitivity” (Rest, 1994).

Likewise, Hunt and Vitell (1986) developed a general ethical theory that provides a formal model in order to give more clarification of ethical decisions. In addition, this model enables the decision-maker to identify sources of the conflict and to find out more proper alternatives in a logical manner. Individuals can be effective decision-makers by understanding how to apply the underlying theories. The authors presented their ethical decision-making model in six stages involved background, perception, analysis, judgment, intention, and behaviour. In the first stage (background), decision-makers take into consideration both their own personal characteristics the environmental as factors that are relevant to the decision. The second stage (perception) depends on utilising ethical sensitivity, imagination, feeling and foresight. The third stage (analysis) is the consequences of each decision by the decision-maker taking into account the background of the personal characteristics and the environmental factors. In stage four (judgment), the decision-maker makes two evaluations: (i) evaluate the problem and possible alternative actions, and (ii) Evaluate the probability of the consequences. The fifth stage is intention which the decision maker plans to

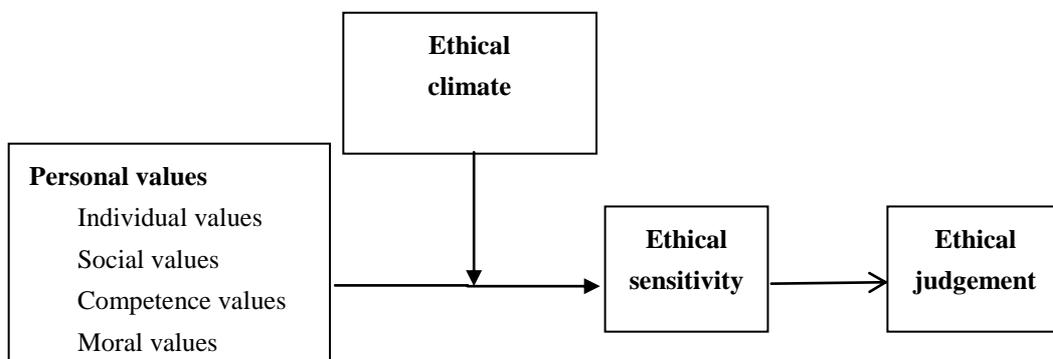
act upon using his or her judgment. The final stage is the ethical decision behaviour (Hunt and Vitell, 1986); (Hunt and Vitell, 1993).

Furthermore, Hunt and Vitell (1986) included values in their model as one of the several personal characteristics that potentially influence all phases of the ethical decision-making process. Personal values may influence decision making judgement in business and organizational contexts. The potential link between personal values and auditor ethical judgement decision has been confirmed in many studies (e.g. (Au and Wong, 2000; Jadallah and Dehni, 2008; Fan, 2009; Karacaer *et al.*, 2009). According to Hunt and Vitell (1986) theory and Rest (1986) model, individuals cannot judgment ethically unless they could perceive an ethical dilemma and evaluate it. Thus, this present study; assume the ethical awareness of ethical dilemma as a mediator on the personal factors and ethical judgementrelationship.

Additionally, moderator variables are typically introduced when there is an unexpectedly weak or inconsistent relation between a predictor and a criterion variable (Baron and Kenny, 1986). Because of the relationships between personal values and ethical awareness (ethical sensitivity) were inconclusive in previous studies for example Abdolmohammadi and Baker (2005), and Au and Wong (2000) have shown significant effects on Personal value on ethical awareness of ethical dilemma. Meanwhile, Akaah and Lund (1994) and Finegan (1994) have failed to provide real support for the effect of personal values on ethical judgment in organizational contexts as this study will introduce moderator variable on this relationship.

Furthermore, Trevino (1986) identifies "organizational culture" as a situational moderator influencing different aspects of the ethical decision processes of employees. Also, MARS model which presented by Mcshane and Glinow (2007) indicated the interaction between environmental and individual factors influence individual behavior. According to these models and to suit the local context and contribute to auditing literature. This study will extend general ethical decision making model that suggested by Hunt and Vitell (1986) which will investigate the role ethical climate as moderator the relationship personal variables and ethical sensitivity before the formation of ethical judgement among auditor practitioners. Thus, the relationship between auditors' personal values and ethical sensitivity will be considered as a moderator by ethical climate.

Furthermore, previous research has not investigated the moderated-mediation role of ethical sensitivity on the relationship between personal values and auditor ethical judgement. Therefore, the conceptual framework proposed in this paper aims at filling this gap, by personal values as predictor variables to auditor ethical judgment as the dependent variable, via ethical sensitivity as the mediating variable in this relationship. Additionally, the present study seeks to evaluate the moderating role of ethical climate on the relationship between personal values and ethical sensitivity. This leads to a new relationship called moderated-mediation between the auditors' values and their ethical judgement relationship, mediated by moderated ethical sensitivity of ethical climate.



**Figure-1.** Proposal theoretical framework

#### 4. PROPOSITIONS

The research model incorporates several relations, which have not been included in prior studies. These propositions are based upon prior research results, and the explanatory variables will be used. Each of the propositions is stated in the alternative hypothesis form. The proposition states the nature of the effect of one variable on another variable. The hypothesized of the relation, positive or negative given the measurement of the variables is also stated.

##### 4.1 The Relationship between Personal Values and Ethical Judgement

Several decision making models incorporate values as an influence on the ethical dimension of decision making, for example, [Ferrell and Gresham \(1985\)](#) cited values and attitudes as individual factors influence individual decision-making in their Contingency Model of Ethical Decision Making. Furthermore, the influence of personal values on ethical decision-making has been formally recognized in some models. For example, [Hunt and Vitell \(1993\)](#) included values in their model as one of the several personal characteristics that potentially influence all phases of the ethical decision-making process. Personal values may influence decision making judgement in business and organizational contexts. The potential link between personal values and auditor ethical judgement decision has been confirmed in many studies (e.g. [Au and Wong, 2000](#); [Jadallah and Dehni, 2008](#); [Fan, 2009](#); [Karacaer et al., 2009](#)). Thus, It is proposed that the greater the auditors personal values the more likely they will form ethical judgments. Therefore, the following proposition is formulated.

*There is a positive relationship between auditors' personal values and their ethical judgement.*

##### 4.2 The Relationship between Personal Values and Ethical sensitivity

Personal values play a significant relationship with ethical sensitivity in a few significant ethical judgement models (e.g., theory of general ethics, [Hunt and Vitell \(1986\)](#); contingent and synthesis model [\(Ferrell and Gresham, 1985\)](#); synthesis integrated model [\(Ferrell et al., 1989\)](#). In addition, many empirical studies have indicated that there were significant relationships between ethical awareness or ethical sensitivity with personal values [\(Au and Wong, 2000](#); [Abdolmohammadi and Baker, 2005](#); [Steenhaut and Kenhove, 2006](#); [Fan, 2009](#)). As well other studies have shown that no significant relationships between ethical awareness or ethical sensitivity with personal values [\(Shafer et al., 2001](#); [Ho and Lin, 2008](#); [Karacaer et al., 2009](#)). According to

the general ethical theory (Hunt and Vitell, 1986) and contingent and synthesis model (Ferrell and Gresham, 1985)); synthesis integrated model (Ferrell *et al.*, 1989) this study will examine the association between auditors' personal values with the first step of ethical decision making, which namely organise ethical issues or ethical sensitivity. As such, the following proposition is proposed.

*There is a positive relationship between auditors' personal values and ethical sensitivity.*

### **4.3 The Relationship between Ethical Sensitivity and Ethical judgement**

Ethical sensitivity is the beginning stage that triggers ethical judgement as one can make ethical judgment only after recognizing the existence of the ethical problem [Ethics Education Framework, Leung *et al.* (2006); Hunt and Vitell (1986) theory of general ethics; four component model Rest (1986)]. Additionally, the models indicate that if one does not recognise the existence of ethical issues, then ethical judgement could not exist. Many studies have been conducted to examine the influence of the perceived ethical problem or ethical sensitivity on ethical judgement and indicated a positive relationship (Shaub, 1989; Shafer *et al.*, 2001; Malone, 2006; Zakaria *et al.*, 2010). Hence, it appears that ethical awareness is an important factor that will lead to ethical Judgement. As such, based on the (Hunt and Vitell, 1986) theory of general ethics (Hunt and Vitell, 1993), ethical judgement models [issue contingent model (Jones. 1991); Four component model (Rest, 1986)], and Ethics Education Framework (Leung *et al.*, 2006) issued by IFAC, it is proposed that the greater the auditors perceive ethical problems the more likely they will form ethical judgments. Therefore, the following proposition is formulated.

*There is positive relationship between auditors' ethical sensitivity and their ethical judgments.*

### **4.4 The Moderating effects of Ethical Climate**

The role of personal factors in ethical behaviour might be a moderator by environmental factors, as explicitly recognized in the MARS model (Steven McShane, 2007). In addition, a contingency approach of individual decision making, suggests that individuals can observe wide variations in ethical decision making, but this variation is not random (Ferrell and Gresham, 1985), Theoretical and practical are achieved through identifying important contingency variables that distinguish between contexts in which decisions are made. This simply means that the decision-making of marketers is dependent on contingencies external to the decision-making process. According to Ferrell and Gresham (1985) in their cotangent model of decision making, these contingency factors may be found within the individual, in the organizational context (e.g., peers and supervisors), or external factors (i.e., in the interorganizational environment).

Moreover, personal values may influence decision-making in business and organizational contexts. The potential link between personal values and auditor ethical sensitivity has been examined in many studies (e.g., (Shafer *et al.*, 2001; Karacaer *et al.*, 2009). Moreover, as discussed above models suggested that, the influence of personal factors on ethical decision making could be moderated by environment and context variables (Steven McShane, 2007). In addition, a contingency approach of individual decision making, suggests that, individuals can observe wide variations in ethical decision making, but this variation is not random (Ferrell and Gresham, 1985),

thus the ethical climate is expected to impact the association between personal values and the first step of ethical decision making "ethical sensitivity." As well, the appropriate match between personal values and ethical climate is expected to give greater effect on the auditor ethical sensitivity. More specific, the higher of personal values the higher ethical sensitivity if ethical climate is higher. Otherwise, the misfit between the levels of ethical climate and the personal values degree is expected to give the opposite way. This study proposition that *Ethical climate will moderate the relationship between auditors' personal values and their ethical sensitivity.*

#### **4.5 Ethical sensitivity mediator auditor values and ethical judgement decision**

Research suggests that individuals who perceive a situation as an ethically relevant form a more ethical judgment (Singhapakdi *et al.*, 1996). Higher moral sensitivity increases the likelihood that an individual evaluates a situation from an ethical perspective, rendering a moral judgment if the action is ethical or unethical (Rottig *et al.*, 2011). The link between ethical sensitivity and ethical judgement has rarely been investigated in previous studies (Shaub, 1989; Au and Wong, 2000; Chan and Leung, 2006). Furthermore, the individual must first perceive an ethical problem to evaluate the situation and judgment ethical decision (Roxas and Stoneback, 1997). In addition if the individual does not perceive an ethical problem, the remainder of the four ethical decision making model does nothing to explain ethical judgement (Rest, 1986). However, according to Baron and Kenny (1986), a mediating effect exists when a previously significant relation between two variables is no longer significant when all other paths are controlled for. For this an according to Hunt and Vitell (1986) theory and Rest (1986) model this study expected ethical sensitivity will moderate the relationship between Personal values and ethical judgement. Consequently, this study posited that *ethical sensitivity mediates the relationship between personal values and auditors' ethical judgement.*

### **5. CONCLUSION**

Fortunate enough, there are several ethical theories that provide a significant understanding of ethical issues. The theories are underpinned by ethical principles that lead to the successful decisions and good decision. Actually, during the 1980s, researchers began to develop several ethical decision making models. In general thesis models were developed by experts in psychology based on disciplines such as organizational behaviour and marketing.

Those studies had proposed the general ethical decision-making models (Rest, 1986; Trevino, 1986). Others, such as Ferrell and Gresham (1985); Hunt and Vitell (1986); Ferrell *et al.* (1989); Dubinsky and Loken (1989) focused their target on ethics of marketing areas. Jones (1991) added a new concept called moral intensity to supplementation models in accounting area researchers endeavoured to develop a model of ethical /unethical decision-making. However, no empirical research to date supports the superiority of one model over the others. For this reason, it is a better approach to identify the aggregate knowledge these models provide.

However, prior studies indicate that the two approaches of ethics can be combined to understand an ethical dilemma. For example, [Hunt and Vitell \(1986\)](#) [Hunt and Vitell \(1993\)](#) general ethics theory suggested the application of deontological and teleological theories in their decision-making model as concepts of ethical philosophy for making ethical judgments in marketing. Likewise, [Forsyth \(1980\)](#); [Forsyth \(1992\)](#) ethical ideology theory claims that two ethical concepts explain moral philosophies those are idealism and relativism. Moreover, [Barnett, Bass and Brown \(1994\)](#) claim that deontology is generally an idealism philosophy and that teleology is a pragmatic one.

## REFERENCES

- Abdul Fattah, F. (2001 ). Ethical thinking scale for adults. Cairo Anglo library.
- Abdolmohammadi, M.J. and C.R. Baker, 2005. Accountants' value preferences and moral reasoning. *Journal of Business Ethics*, 69(1): 11-25.
- Akaah, I.P. and D. Lund, 1994. The influence of personal and organizational values on marketing professionals' ethical behaviour. *Journal of Business Ethics*, 13(6): 417-430.
- Au, A.K.M. and D.S.N. Wong, 2000. The impact of Guanxi on the ethical decision-making process of auditors—an exploratory study on Chinese CPAs in Hong Kong. *Journal of Business Ethics*, 28(1): 87-93.
- Baker, C.R., 1976. An investigation of differences in values: accounting majors vs. nonaccounting majors. *The Accounting Review*, 51(4): 886-893.
- Baron, R.M. and D.A. Kenny, 1986. The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of personality and social psychology* 51(6): 1173-1182.
- Barrick, M.R. and M.K. Mount, 1993. Autonomy as a moderator of the relationships between the Big Five personality dimensions and job performance. *Journal of applied Psychology*, 78(1): 111-118.
- Bandura, A. (1978). Social learning theory of aggression. *Journal of communication*, 28(3), 12-29.
- Beaty, J.C., J.N. Cleveland and K.R. Murphy, 2001. The relation between personality and contextual performance in " strong" versus " weak" situations. *Human Performance*, 14(2): 125-148.
- Blum, L., 1991. Moral perception and particularity. *Ethics*, 101(4): 701-725.
- Chan, C.F., 2007. Predicting Organization Citizenship Behavior of Financial Institute Employees with Big Five Personality Factor and Organizational Values. Available from [lbms03.cityu.edu.hk/oaps/ss2007-5790-ccf549.pdf](http://lbms03.cityu.edu.hk/oaps/ss2007-5790-ccf549.pdf).
- Chan, S.Y.S. and P. Leung, 2006. The effects of accounting students' ethical reasoning and personal factors on their ethical sensitivity. *Managerial Auditing Journal*, 21(4): 436-457.
- Cileli, M. (2000). Change in value orientations of Turkish youth from 1989 to 1995. *The Journal of Psychology*, 134(3), 297-305.

- Board, S. R. E. (2006). Schools can't wait: Accelerating the redesign of university principal preparation programs: Southern Regional Education Board.
- Dubinsky, A.J. and B. Loken, 1989. Analyzing ethical decision making in marketing. *Journal of Business Research*, 19(2): 83-107.
- Easterbrooks, S.R. and N.A. Scheetz, 2004. Applying critical thinking skills to character education and values clarification with students who are deaf or hard of hearing. *American Annals of the Deaf*, 149(3): 255-263.
- Endicott, L. (2001). Ethical Sensitivity Ethical Sensitivity Ethical Sensitivity Ethical Sensitivity.
- Fan, Y.H., 2009. The impact of chinese auditors' values on their ethical decision-making. Available from [http://www.researchgate.net/publication/45844253\\_The\\_impact\\_of\\_Chinese\\_auditors\\_values\\_on\\_their\\_ethical\\_decision-making\\_in\\_China](http://www.researchgate.net/publication/45844253_The_impact_of_Chinese_auditors_values_on_their_ethical_decision-making_in_China).from ResearchGate
- Ferrell, O., L.G. Gresham and J. Fraedrich, 1989. A synthesis of ethical decision models for marketing. *Journal of Macro marketing*, 9(2): 55-64.
- Ferrell, O.C. and L.G. Gresham, 1985. A contingency framework for understanding ethical decision making in marketing. *The Journal of Marketing*, 49(3): 87-96.
- Finegan, J., 1994. The impact of personal values on judgments of ethical behaviour in the workplace. *Journal of Business Ethics*, 13(9): 747-755.
- Flint, A.J., 2005. Solutions to corruption in the auditing profession. *Review of Human Factor Studies: Special Edition*, 11(1): 113-129.
- Forsyth, D.R., 1980. A taxonomy of ethical ideologies. *Journal of Personality and Social Psychology*, 39(1): 175-184.
- Forsyth, D.R., 1992. Judging the morality of business practices: The influence of personal moral philosophies. *Journal of Business Ethics*, 11(5): 461-470.
- Fritzsche, D. and E. Oz, 2007. Personal values' influence on the ethical dimension of decision making. *Journal of Business Ethics*, 75(4): 335-343.
- Gaa, JC 1992. Discussion of A Model of Auditors' Ethical Decision Processes, *Auditing: A Journal of Practice and Theory*, 11(Supplement): 60-66
- Ho, Y.H. and C.Y. Lin, 2008. Cultural values and cognitive moral development of accounting ethics: A cross-cultural study. *Social Behavior and Personality: an international journal*, 36(7): 883-892.
- Hunt, S.D. and S. Vitell, 1986. A general theory of marketing ethics. *Journal of Macromarketing*, 6(1): 5.
- Hunt, S. D., & Vitell, S. J. (1993). The general theory of marketing ethics: A retrospective and revision. *Ethics in Marketing* (Irwin Inc., Homewood, IL), 775-784.
- Jadallah, F. and S. Dehni, 2008. An integrated framework for the study of ethics applied to accountancy and audit. *Journal of Accounting, Management and Insurance*, Cairo University, 70(2): 995-1070.
- Jones, T.M., 1991. Ethical decision making by individuals in organizations: An issue-contingent model. *The Academy of Management Review*, 16(2): 366-395.

- Karacaer, S., R. Gohar, M. Aygün and C. Sayin, 2009. Effects of personal values on auditor's ethical decisions: A comparison of Pakistani and Turkish professional auditors. *Journal of Business Ethics*, 88(1): 53-64.
- Karajeh, A.A.-A.H., 2004. How far external auditors are committed to code of conduct in Jordan, and the ways which encourage them to follow professional behavior. In: *Accounting*. Amman Arab University Amman.
- Kelly, T.A., 1990. The role of values in psychotherapy: A critical review of process and outcome effects. *Clinical Psychology Review*, 10(2): 171-186.
- Senate, U. S. (2002). Financial oversight of Enron: the SEC and private-sector watchdogs. Committee on Governmental Affairs Staff Report.
- Laroche, M., Bergeron, J., & Barbaro-Forleo, G. (2001). Targeting consumers who are willing to pay more for environmentally friendly products. *Journal of Consumer Marketing*, 18(6), 503-520.
- Leung, P., Cooper, B., Dellaportas, S., Jackling, B., & Leslei, H. (2006). Approaches to the development and maintenance of professional values, ethics and attitudes in accounting education programs. International Accounting Education Standards Board Report.
- Malone, F.L., 2006. The ethical attitudes of accounting students. *Journal of American Academy of Business*, 8(2): 142-146.
- McShane, S.L. and V. Glinow, 2007. *Organizational behavior*. 4th Edn., Australia: Higher Education.
- Mingzhi, L., 2008. The effect of personal values on individuals' ethical behavioral intentions: evidence from professional auditors in people's republic of China. Paper presented at the Canadian Academic Accounting Association.
- Nasser, A.T.A., E.A. Wahid, S.N.F.S.M. Nazri and M. Hudaib, 2006. Auditor-client relationship: The case of audit tenure and auditor switching in Malaysia. *Managerial Auditing Journal*, 21(7): 724-737.
- Nur, A., 1980. *Audit guidelines*. 1st Edn., Cairo: Cairo university.
- Piaget, J. (1965). The stages of the intellectual development of the child. *Educational psychology in context: Readings for Future Teachers*, 98-106.
- Rest, J.R., 1986. *Moral development: Advances in research and theory*: Praeger New York.
- Rest, J.R., 1994. *Moral development in the professions: Psychology and applied ethics*: Lawrence Erlbaum.
- Rokeach, M., 1973. The nature of human values and value systems. (Chapter 1) in Rokeach, M. (1973). *The nature of human values*. New York: John Wiley.
- Rottig, D., Koufteros, X., & Umphress, E. (2011). Formal infrastructure and ethical decision making: An empirical investigation and implications for supply management. *Decision Sciences*, 42(1), 163-204.

- Roxas, M.L. and J.Y. Stoneback, 1997. An investigation of the ethical decision-making process across varying cultures. *The International Journal of Accounting*, 32(4): 503-535
- Roy, C., 2009. The impact of moral intensity and ethical climate on the decision-making of finance and accounting professionals in government. Walden University.
- Schweper, C.H., 1999. Understanding salespeople's intention to behave unethically: the effects of perceived competitive intensity, cognitive moral development and moral judgment. *Journal of Business Ethics*, 21(4): 303-316.
- Shafer, W.E., R.E. Morris and A.A. Ketchand, 2001. Effects of personal values on auditors' ethical decisions. *Accounting, Auditing & Accountability Journal*, 14(3): 254-277.
- Shaub, K.M., 1989. An empirical examination of the determinants of auditors' ethical sensitivity. Ph.D, Texas Tech University, Texas.
- Singhapakdi, A., C. Rao and S.J. Vitell, 1996. Ethical decision making: An investigation of services marketing professionals. *Journal of Business Ethics*, 15(6): 635-644.
- Sparks, J.R. and Y. Pan, 2010. Ethical judgments in business ethics research: Definition, and research agenda. *Journal of Business Ethics*, 91(3): 405-418.
- Steenhaut, S. and P.V. Kenhove, 2006. An empirical investigation of the relationships among a consumer's personal values, ethical ideology and ethical beliefs. *Journal of Business Ethics* 64(2): 137-155.
- Steven McShane, M.V.G., 2007. Organizational behavior. Australia: Higher Education.
- Street, M.D., S.C. Douglas, S.W. Geiger and M.J. Martinko, 2001. The impact of cognitive expenditure on the ethical decision-making process: The cognitive elaboration model. *Organizational Behavior and Human Decision Processes*, 86(2): 256-277.
- Trevino, L.K., 1986. Ethical decision making in organizations: A person-situation interactionist model. *The Academy of Management Review*, 11(3): 601-617.
- Trotman, K.T., 1998. Audit judgment research—Issues addressed, research methods and future directions. *Accounting & Finance*, 38(2): 115-156.
- Valentine, S.R. and T.L. Rittenburg, 2004. Spanish and American business professionals' ethical evaluations in global situations. *Journal of Business Ethics*, 51(1): 1-14.
- Victor, B. and J.B. Cullen, 1988. The organizational bases of ethical work climates. *Administrative Science Quarterly*, 33(1): 101-125.
- Wennerholm, C., & Larsson, M. (2006). Ethics in the auditing profession: A comparison between auditors and students (Doctoral dissertation, University of Skövde).
- Wright, G. B., Cullinan, C. P., & Bline, D. M. (1997). The relationship between an individual's values and perceptions of moral intensity: An empirical study. *Behavioral Research in Accounting*, 9: 26-40.
- Zakaria, M., H. Haron and I. Ismail, 2010. Knowledge of ethics, perceived ethical problems and ethical judgments. *Journal of Financial Reporting and Accounting*, 8(1): 50-64.