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**ETHICAL JUDGEMENT AND ETHICAL BEHAVIOR OF  
MYANMAR AUDITORS**

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# **ETHICAL JUDGEMENT AND ETHICAL BEHAVIOR OF MYANMAR AUDITORS**

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## **ABSTRACT**

The purpose of the study is to investigate the effect of factors influencing on ethical judgement and to analyze the effect of ethical judgement on ethical behavior of Myanmar Auditors. Structured questionnaire is applied for data collection. Data is collected from 130 auditors who are working in audit firms by using simple random sampling method. Quantitative research method was applied in this study. The study shows that the self-construal and ethical climate have positive and significant relationship with ethical judgement in Myanmar Auditors. The study also found that ethical judgement had a significant influence on ethical behavior in Myanmar Auditors. This study highlights that self-construal is the most influential variable on ethical judgement. These findings suggest that audit firms should support ethical training on their auditors to improve their ethical mindset during the auditing process. These findings also suggest that self-construal and ethical climate are potentially important factors promote ethical and professionally acceptable decision-making by auditors. Therefore, the results provide information for auditing profession and firms to assess and/or improve the ethical judgments of auditors and ethical behavior based on the auditors' personal characteristics.

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## **LIST OF ABBREVIATIONS**

AG	-	Accountant General
C M A	-	Controller of Military Accounts
C P T A	-	Controller of Post and Telecommunications Accounts
E L F A	-	Examiner of Local Funds Accounts
EDM	-	Ethical Decisional Making
IAASB	-	International Auditing and Assurance Standards Board
IFAC	-	International Federation of Accountants
INTOSAI	-	International Organization of Supreme Audit Institutions
ISQC	-	International Standards of Quality Control
ISSAI	-	International Standards of Supreme Audit Institutions
MAC	-	Myanmar Accountancy Council
MICPA	-	Myanmar Institute of Certified Public Accountant
OAG	-	Office of Auditor General
SCS	-	Self-Construal Scale

# **CHAPTER I**

## **INTRODUCTION**

The primary role of auditors is to offer fiduciary services to the society and users of the financial report (Sweeney, Arnold and Pierce, 2010). These fiduciary services create a relationship of trust between auditors and users, which users must trust, or which auditors must rely on the ability and judgment of the auditors about the fair view of the audited company's financial statements. With this feature, users have high expectations of the judgment given by auditors, and therefore auditors must balance their judgments with the interests of audit clients and the general public.

Audit scandals have been the starting point for questioning the ethics of auditors affecting their reputation (e.g. Enron 2001 and Ernst & Yong 2021). There is a high possibility that auditors might be involved with unethical judgment when auditors are unaware of ethical issues that are not encountered in the situation (Dreike and Mocckel, 1995). In the current economic environment, can accountants and auditors strike the necessary balance between their professional ethics and monetary business goals/objectives? Most auditors turn to unethical practices to keep their jobs or derive some benefits for their companies (Labich, 1992).

In developing country, foreign investment companies are coming to join and invest. The foreign investment companies are reviewed the audited financial statements and audit judgements and then analysis whether they should invest in the local company or not. Audit judgments will be an integral part of any audit work; investors and other capital market participants rely on auditors' judgements in auditing a company's financial statements.

There have 451 auditors registered under Myanmar Accountancy Council (MAC) in 2021. Myanmar Accountancy Council was organized by the Union of Myanmar Revolution Council Law No.2 dated 12.1.1972. As the main responsibility for the correction of the public financial management system, protecting public interests and improving public finance management, it is to effectively investigate and report to the public. The task of this office is to carry out the inspection process towards the goals of good governance and clean government in a quality and efficient manner.

## **1.1 Rationale of the Study**

Public perception that auditors are not aware of the ethical implications of their technical decisions and all these financial scandals have led to high levels of accusations and criticism from auditors.

Auditors must balance conflicting interests to fulfill their roles and provide a public service. Auditors' inability to exercise ethical decision-making and to act regardless, it has been identified as one of the factors leading to a high-profile series corporate collapses since the early 2000s, which in turn has led to significant losses to investors and other corporate stakeholders. Corporate collapses and the audit failures have not only led to financial problems losses for investors, but also to a loss of confidence on the part of the investing public in the system of financial reporting and accountability.

The requirement for auditors to follow basic ethical principles in practice assessment and conduct appear many times in the International Standards on Auditing (ISA) with the aim of ensuring that the auditors perform their duties with integrity and honesty and free from prejudice and financial temptation. However unethical it may be auditor practices continue to occur. This may be because auditing standards are not yet sufficient to mitigate unethical behavior of accountants and to improve the ideals, virtues and social identities of accountants), or because standards sometimes lack comparability, consistency and thus efficiency. As a result of these standards do not guarantee compliance by all auditors because accountants and auditors are individuals and differ in both competence and character.

Identifying the factors that influence ethical sensitivity, it may assist practitioners in improving the auditor's judgment as by identifying the intention and behavior of the auditors. Understanding the role of ethics is essential in developing audit professionals expected to exercise professional judgment in this dynamic environment.

An individual must acknowledge or perceive that they are facing an ethical dilemma. Then, an opinion is formed about what to do by making a right/wrong judgment about what to do in the context of the situation. This judgment is then used to create an intention or plan of action. This action intention should place ethical and moral values above personal values. Finally, the decision maker must perform the intended behavior.

Individual factors refer to human factors that distinguish individuals from each other such as self-esteem and self-construal. Non-individual factors refer to external influences such as pressure from other people, situational factors and organizational factors such as ethical climate or environmental factors. Trevino (1986) postulates that following recognition of an ethical issue (ethical sensitivity), the association between ethical judgment and ethical behavior is mediated by individual factors and organizational factors. The contingency model of EDM developed by Ferrell and Gresham (1985) indicates that an individual's EDM is influenced by individual factors and organizational factors.

The auditors may apply ethical decision-making to understand what kind of factors are influencing on the ethical judgement. Therefore, this research is examined the factors that influence the ethical judgement and analyze the effect of ethical judgement on an auditor's ethical behavior.

## **1.2 Objective of the Study**

In this study, it contains two major objectives.

- To investigate the effect of factors influencing on ethical judgement of Myanmar Auditors.
- To analyze the effect of ethical judgement on ethical behavior of Myanmar Auditors.

## **1.3 Scope and Method of the Study**

The purpose of the study is to investigate the effect of factors influencing on ethical judgement and to analyze the effect of ethical judgement on ethical behavior of Myanmar Auditors. In this study quantitative method is applied and both primary data and secondary data is used. Primary data is collected from 130 Myanmar Auditors representative of 28 percent of 451 Myanmar Auditors who are registered as the Practitioners under Myanmar Accountancy Council (MAC) in 2021 by using simple random sampling method. For the primary data collection, a survey questionnaire is developed and used as survey tool to collect information from the samples. Structured questionnaires are distributed to these samples by the help of the authorities of MAC and MICPA, and thus, simple random sampling method is used. Secondary data is based on previous research papers from school libraries, websites, publications relating to ethic. The Statistical Package for Social Sciences (SPSS) program is used to analyze

and Pearson's correlation coefficient is used to determine the relationship between the variables. This study only focus on the ethical judgement and ethical behavior of Myanmar Auditors.

#### **1.4 Organization of the Study**

This study composed of five chapters. Chapter (1) is the introduction which contains rationale of the study, objectives of the study, scope and method of the study, and organization of the study. Chapter (2) is the theoretical background of the study. It consists of concept of ethics, ethical decision-making model development by Rest (1986), ethical judgement, factors influencing on ethical judgement, empirical studies and conceptual framework of the study. Chapter (3) is the overview on audit institutions in Myanmar. It consists of background of Office of Auditor General, Myanmar Accountancy Council, Myanmar Institute of Certified Public Accountant and ethical judgement of Myanmar Auditors. Chapter (4) is include the research design, reliability analysis, respondents demographic profile, analysis of factors influencing on ethical judgements and the analysis on the effect of Ethical Judgement on Ethical Behavior. Of Myanmar Auditors. Chapter (5) is the conclusion which is explain survey findings and discussions, suggestions and recommendations and need for further research.

## **CHAPTER II**

### **THEORETICAL BACKGROUND OF THE STUDY**

This chapter describe the concept of ethics which is include the theoretical background of Deontological ethics, Categorical Imperative Theory by Kant and Marketing ethics by Hunt-Vitell (1986). And in this section also describe the theoretical background of Ethical Decision-Making Model Developed by Rest (1986).

This chapter also describe the ethical judgement, ethical behavior and factors influencing on ethical judgement such as self-esteem self-construal, ethical climate, empirical studies and conceptual framework of the study.

#### **2.1 Concept of Ethics**

The definition of ethics consists of personal, social and professional values, all of these are difficult to specify. Some emphasize the importance of society's interests and others emphasize the individual's interests. The growing importance of ethics in the audit industry is due to the great economic resonance scandals that had a negative impact on the auditors. The consequence was that the integrity of the auditors and morality was questioned by users of auditing services.

The etymology of the word 'ethics' has its origin in the Greek word 'ethikos' which means 'usage' and was much used by Aristotle to signify valuable fundamental convictions, while the word 'moralis', the Latin root for 'moral', was established by Cicero to mean values growing from a complex body of beliefs. A definition of the notion of ethics is issued by The Ethics Resource Center which presents it as being 'good and right behavior and how people make those judgements' (Ethics Toolkit). The notion of ethics comprises in itself the concepts of integrity, honesty and responsibility. Thus, ethics are perceived by the wide public as a set of moral principles and rules of conduct guiding the audit profession, a condition of their legitimacy on the market. Summarily, ethics is the set of moral standards for judging whether something is right or wrong.

Deontological ethics, in philosophy, ethical theories that place particular emphasis on the relationship between duty and morality in human actions. The term deontology comes from the Greek deon, "duty", and logos, "science". In deontological ethics, an action is considered morally good because of some quality of the action itself, not because the product of the action is good. Deontological ethics asserts that at least

some actions are morally obligatory regardless of their consequences for human well-being. Descriptive of such ethics are expressions such as "Duty for duty's sake", "Virtue is its own reward" and "Let justice be done though the sky falls".

In contrast, teleological ethics (also called consequentialist ethics or consequentialist ethics) asserts that the basic moral standard is precisely the value of what an action generates. Ethical theories have been called formalistic, because their central principle lies in the conformity of an action to some rule or law. The first major philosopher to define ethical principles was Immanuel Kant (1724), the 18th-century German founder of critical philosophy (see Kantianism). Kant believed that nothing is good without qualifications except a good will, and a good will is one that wants to act in accordance with the moral law and out of respect for that law rather than natural inclinations. He saw the moral law as a categorical imperative, that is, an unconditional commandment, and believed that its content could only be determined by human reason. Thus the highest categorical imperative is: "Act only according to the maxim by which you can will while it becomes a universal law."

Kant considered this formulation of the Categorical Imperative to be equivalent to: "Go so that you treat humanity in your own person and in the person of all others always at the same time as an end and never as a mere means." However, the connection between these two formulations has never been completely clear. However, Kant's critics questioned his view that all duties can be derived from a purely formal principle and argued that in his concern for rational consistency he neglected the concrete content of moral obligation.

That objection was met in the 20<sup>th</sup> century by the British moral philosopher Sir David Ross, who held that many "prima facie duties", rather than a single formal principle from which to derive them, are themselves immediately self-evident. Ross distinguished such prima facie duties (such as promise-keeping, reparation, gratitude, and justice) from actual duties, because "every possible action has many aspects relevant to its right or wrong"; and these aspects must be weighed before "assessing its whole nature" as a real duty in the given circumstances. However, Ross's attempt to claim that intuition is a source of moral knowledge was heavily criticized, and in the late 20<sup>th</sup> century Kantian ways of thinking were criticized, especially the prohibition against using a person as a means rather than an end. again. provide the basis for deontological views that were more widely discussed among philosophers. At the grassroots level, the international emphasis on the protection of human rights – and thus

on the obligation not to violate them – can also be seen as a triumph of deontological ethics.

Hunt-Vitell's (1986) general theory of marketing ethics explains that people and environmental impact determine the ethical assessment of individuals. This model was developed for the marketing field, but it reflects the decision-making process in other disciplines, including auditing. It was used in non-marketing studies such as 'Tax Practitioner Ethics: An Empirical investigation of organizational implications of Burns and Kicker (1995). This study examines the ethical judgments of tax auditors are influenced by ethics (essential characteristics behavior) and/or teleological (consequences of behavior) considerations. There have many theories related with ethics. Moreover, this study is applied the Rest (1986) Ethical Decision-Making Model.

## **2.2 Ethical Decision-Making Model**

Ethical Decision-Making Model Developed by Rest's (1986), which builds on Kohlberg's (1976) work identifies four components that describe the cognitive processes of individuals' EDM (1) ethical sensitivity, (2) ethical judgment, (3) ethical intent, and (4) ethical behavior. Previous accounting and auditing studies have determined this model be an appropriate framework for studying auditor EDM (see, for example, Cohen and Martinov Bennie, 2006; Coram, Glavovic, Juliana, and Woodliff, 2008; Johari, Mohd-Sanusi, and Chong, 2017; Lampe and Finn, 1992).

This thesis focuses on two of the four components of Rest's model, namely ethics judgment and ethical behavior. Ethical judgment subsumes ethical sensitivity because a person's ability to judge what behavior is ethically acceptable response to a particular topic indicates your ethical sensitivity.

Rest argued that each step is conceptually different, and therefore success at one stage does not mean success at another. Rest (1986), in an experiment to test his model, found that these four steps interact. Therefore, a problem at any stage can affect the outcome of other stages. Theories suggest that the cognitive process of EDM in Rest's (1986) model is affected of individual and non-individual factors (for example, Dubinsky & Loken, 1989; Ferrell & Gresham, 1985; Hunt and Vitell, 1986; Jones, 1991; Trevino, 1986). Individual factors refer to people factors that distinguish individuals from each other, such as mentality, personality, attitudes, values, knowledge, experiences and physical or biological aspects. Non-individual factors refer



to external influences such as pressure from other people, situational factors (e.g. characteristics of the work or immediate job context), organizational factors (e.g. policy and internal control in an organization) or environmental factors (eg government regulations and culture and national norms).

### **2.3 Ethical Judgement**

Professional judgment is defined as the ability to apply knowledge, training and experience, including compliance with international accounting, auditing and ethical standards, to make informed decisions in connection with performing an audit engagement (IAASB, 2016 a). Professional judgment is considered to consist of two components that are technically correct and ethically “good” (Thorne & Hartwick 2001, p. 341). The one of the focus of this thesis is ethical judgement.

While the ethical decision making (EDM) literature recognizes ethical judgment as an important step in the ethical decision-making process, there is no universal acceptance definition of ethical judgment (Sparks & Pan, 2010). For example, ethical judgment is defined as a “belief” (Hunt & Vitell, 1986), a “personal evaluation” (Sparks and Pan, 2010), a “psychological process” (Rest, 1986) and a “prescriptive reasoning” (Thorne, 2000) through which individuals decide what is ethically acceptable. This study follows the approach of Rest (1986) and consider ethical judgment to be a cognitive process, the outcome of which is to decide whether a course of action in response to a conflict is ethical or unethical. For example, if a person rates accounting fraud as highly unethical, he or she is highly compromised ethical judgement, whereas if a person judges accounting fraud to be highly ethical, then he made a very unethical judgement.

#### **2.3.1 Factors Influencing on Ethical Judgement**

This section presents the influencing factors of self-esteem, self-construal and ethical climate on ethical judgement.

#### **2.3.2 Self-Esteem**

Gecas (1982) suggested that there are two dominant dimensions of self-esteem (1) a sense of competence, power, or effectiveness; and (2) a sense of virtue or moral worth. The dimension of competence (efficacy-based self-esteem) refers to the degree to which people see themselves as capable and effective, while the value dimension

(value-based self-esteem) it refers to the degree to which individuals feel valued (Cast & Burke, 2002). In this study, self-esteem refers to the extent to which people hold positive views about themselves, whether these views are based on competence/efficiency or value (Rosenberg, 1965; Rosenberg et al., 1995). Self-esteem goes by a variety of terms such as self-respect, self-confident, self-worth, self-confidence, self-worth, self-acceptance, self-satisfaction, self-ideal or sense of competence (Tharenou, 1979). Self-esteem is considered a universal and fundamental human need (Maslow, 1970).

In the auditing standard, there have no mention for self-esteem. But self-esteem is critically important for accountants to maintain their professional skepticism (Yankova, 2015) this means relying on one's judgment rather than being persuaded by management to resolves conflict in favor of the customer (Hurt, 2010).

Empirical audit studies investigating the effect of self-esteem on decision making and job performance is scarce and shows mixed results. For example, Malone and Roberts (1996) found no evidence that auditors with high self-esteem would engage in less reduced audit quality behaviors (e.g., signing off required audit steps, accepting clients' weak explanations due to pressure of tight time-budgets, failing to seek professional guidance when facing complex technical accounting and auditing issues, and signing audit reports before sufficient evidence is collected). Empirical research from psychology and business management literature provides substantial evidence that an individual's responses to life and work experiences vary with their self-esteem levels. The psychology literature claims that people with low self-esteem believe they cannot excel and achieve self-validating goals (or compensate for lack of self-esteem) if they do not behave unethically (e.g. Crocker, 2002; Crocker & Park, 2004; Graff, 1971; Liang et al., 2016).

In addition, people with high self-esteem are less likely to behave dishonestly (Graf, 1971), aggressive (Donnellan, Trzesniewski, Robins, Moffitt, & Caspi, 2005) and challenging at work (e.g., taking too many sick days) (Avey, Palanski, & Walumbwa, 2011; Ferris, Brown, Lian, & Maintenance, 2009; Suar et al., 2016). They are also less likely to behave materialistically, including being less likely to engage in corrupt (Liang et al., 2016) and criminal acts behaviors such as theft of property, robbery, violation of court orders, drug trafficking, sexual assault and abuse (Trzesniewski et al., 2006).

In summary, previous research indicates that there are more people with high self-esteem inclined to make ethical judgements (Gentina et al., 2016), have ethical intentions (Liang et al., 2016) and behave ethically (Avey et al., 2011; Graf, 1971; Suar et al., 2016; Trzesniewski et al., 2006).

### **2.3.3 Self-Constructual**

Self-construal is a combination of thoughts, beliefs, feelings and behaviors about "self" and about the relationship of the self to others, that is, as independent of, or as connected to (ie, interdependence on) others (Markus & Kitayama, 1991; Singelis, 1994). Self-construal affects core psychological processes, such as cognition, emotion, motivation, and judgment and therefore contributes to behavioral regulation (Cross, Hardin, & Gercek-Swing, 2011). Independent self-construal is defined as a bounded, unified, and stable self that emphasizes (a) inner faculties, thoughts and feelings; (b) be unique; (c) promote its objectives; and (d) be direct in communication (Singelis, 1994). Interdependent self-construal refers to a "self" which emphasizes external abilities, thoughts, feelings, goals, group membership and communicate indirectly, for example non-verbally (Singelis, 1994).

Independent and interdependent self-construal is the corresponding personality trait constructions of the national culture of individualism, i.e. prioritization of personal goals and collectivism, that is, to focus on the group's respective goals (Bik & Hooghiemstra, 2017; Markus & Kitayama, 1991; Patel et al., 2002; Singelis, 1994; Triandis, 1989). Self-construal has been argued that it is an accurate reflection of the cultural differences between countries because the only The beliefs of national cultures are internalized and can therefore be observed in the behavior of individuals (Markus and Kitayama (1991). However, other research evidence suggests that individuals vary in self-construal even within a cultural context (e.g. Gollwitzer & Bucklein, 2007; Hoyt & Price, 2015; Prooijen & Bos, 2009), and that both independent and the interdependent construal of the self can coexist in an individual (Singelis, Bond, Sharkey, and Yiu Lai, 1999), but that one's dominance is situation-specific (Hannover & Kuhn, 2004). For example, self-construal (independence or interdependence) presented during a work the conflict is probably different than during a social conflict.

Previous research on the impact of self-construal on ethical decision making has been mixed. Some research provides evidence that people who value independence do better can reason ethically according to those who value interdependence (Cohen et al.,

1995; Karacaer et al., 2009; Patel et al., 2002; Tsui, 1996; Tsui and Windsor, 2001; Yamamura et al., 1996). But other research provides evidence that people who value interdependence actually respond to strongly perceived injustice in society (Gollwitzer & Bücklein, 2007), concern for obligations and social norms (Prooijen & Bos, 2009), make ethical judgments and demonstrate ethical behavior (Cojuharenco et al., 2012; Hoyt & Price, 2015) and more skeptical judgments (Ying & Patel, 2016).

Despite the mixed results of previous studies, the weight of evidence from that research indicates that accountants and auditors who are independent dominant (i.e. who value individualism) are more numerous than those who are dominantly interdependent (who value collectivism) are likely to resolve (or agree to resolve) auditor-client conflicts ethically because the latter are more vulnerable to influence from others (who may be unethical) and are more likely to engage in unethical behavior when a close person's well-being is at stake.

#### **2.3.4 Ethical-climate**

Jones (1991) argued that the idea that individuals react in similar ways to all ethical situations is not intuitively correct or consistent with previous research. Ethical responses depend on the "moral intensity" (perceived ethical climate) of ethical situations, as well as of individual situations and organizational factors.

Reward and punishment are used to create an ethical climate. Supervisors influence behavior through reward management and punishment (Treviño, 1986; Posner, 1993). For example, properly distributed discipline results in behavior correction (Podsakoff, 1982). Perceptions of the organizational climate can vary within the company due to differences in position, work group and work history between individuals (Victor & Cullen, 1988). In addition, an organization, subunit and the working group can consist of different types of climates, including ethical climate (Schneider, 1975).

The ethical climate of a firm dictates its ethical values and expectations and influences the ethics of members (Wimbush, 1999; Verbeke, 1996). It has long been suggested that ethics be incorporated into organizations (Robin & Reidenbach, 1987). Creating an ethical climate within the organization can provide the means to do so.

## **2.4 Ethical Behavior**

Association of Ethics and Compliance Officers (2006) is used there defined ethical behavior as the way an organization demonstrates and teaches its staff regarding the company's values that influence employee behavior. The values committed to three questions, whether employees are doing the right thing and what is expected and ethics programs such as reward and punishment systems. Ethical behavior proved to be important to determine unethical behavior where Douglas et al. (2001) or Jenkins (2008) found that the ethical behavior of the company can influence the ethical decision-making process.

In Pierce and Sweeney's (2005) research, audit partners perceived consequences of junior auditors' actions when junior auditors did not complete the audit work that must be done by them. These problems arose because of "tone on top" not fully emphasize the ethical behavior on which there were social influence pressures decision made by them.

According to research by Helliard and Bebbington (2004), 42% of respondents agreed or strongly agreed that the growing focus on firm success as a focus on revenue ambitions has led to more unethical behavior. Jones and Thorne's (2003) research, the influence of superiors on supervisors' ethical evaluations. Based on their findings, the influences of peers have an influence on the ethical behavior of peers. In contrast, Pierce and Sweeney (2005) found that time pressure between peers moderated and influenced the relationship between time pressure and quality threatening behavior.

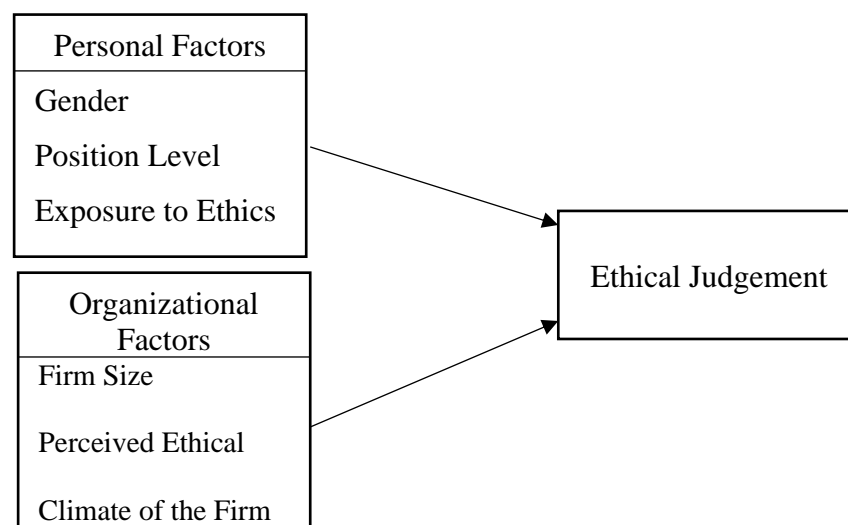
Studies by Treviño, Butterfield and McCabe (1998) have shown that a strong ethical behavior creates a positive relationship through lower observed misconduct rates increased reporting of misconduct to the leader, greater satisfaction with management response to misconduct, greater satisfaction with the organization as a whole, less exposure situations that invite misbehavior and increase a sense of readiness to deal with situations invites misconduct.

## 2.5 Empirical Studies

By reviewing the previous studies, Hasnah Haron (2014) was examined that whether the ethical judgements of tax accountant and auditors are influenced by deontological (essential characteristics of the behavior) and/or teleological (consequences of the behavior) considerations. In that study, the author analyzed the factors influencing ethical judgement of auditors in Malaysia by using The Hunt–Vitell general theory of marketing ethics that theory explains that personal and environmental influences determine the ethical judgement of individuals. This model was developed for marketing area, but it reflects the decision-making process in other disciplines, including auditing. It was used in non-marketing studies, such as ‘Tax Practitioner Ethics: An Empirical Investigation of Organizational Consequences’ by Burns and Kiecker (1995). In that study, the author also uses the reinforcement theory as a sub-theory. It is related to the company's perceived ethical climate to the ethical assessment. This theory was developed by the behavioral school of psychology, in particular by B. F. Skinner (in Laird, 1985; Burns, 1995). Skinner believed that behavior is a function of its consequences.

What audit firms present to their auditors affects their behavior. If audit firms reward ethical behavior, auditors are likely to behave ethically. If accounting firms penalize unethical behavior, auditors tend to do so to avoid unethical behavior to avoid punishment. The auditors perceive that the ethical climate in the company is important in deciding what to do and don't. Logically, people will avoid punishment and seek reward.

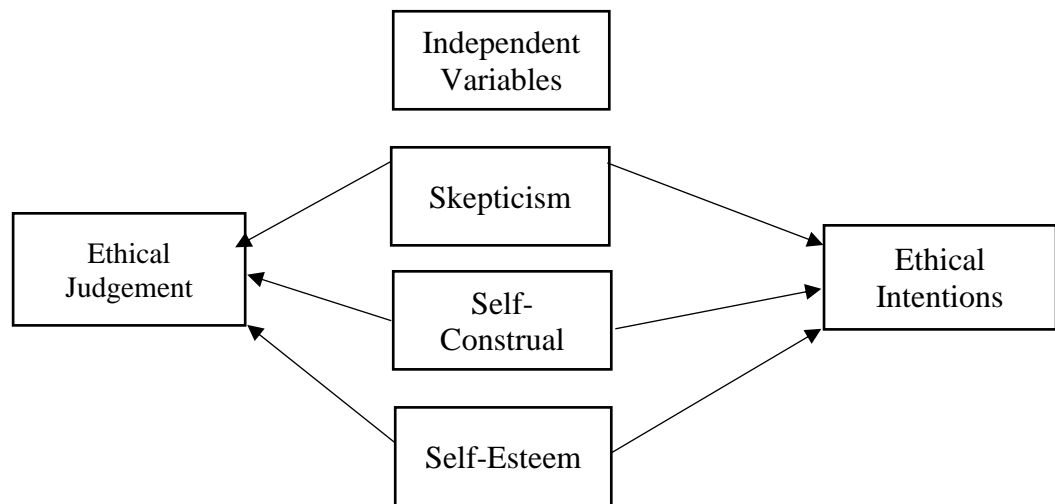
**Figure (2.1) Factors Influencing Ethical Judgement of Auditors in Malaysia**



Source: Hasnah Haron (2014)

And Hamed Mohammad (2017) examined that ethical decision-making literature and develop hypotheses. The concepts of ethical judgment and ethical intent (the dependent variables) had discussed first. Six more hypotheses have been developed set expectations about how skepticism, self-construction and self-esteem affect the auditors' ethical judgments and ethical intentions. A summary of expectations was provided. In Figure 2.2, which shows that auditors with high levels of skepticism, dominant independent self-interpretation, or high levels of self-esteem are likely to make ethical judgments and have intentions.

**Figure (2.2) Factors Influencing on Ethical Judgement and Ethical Intention**

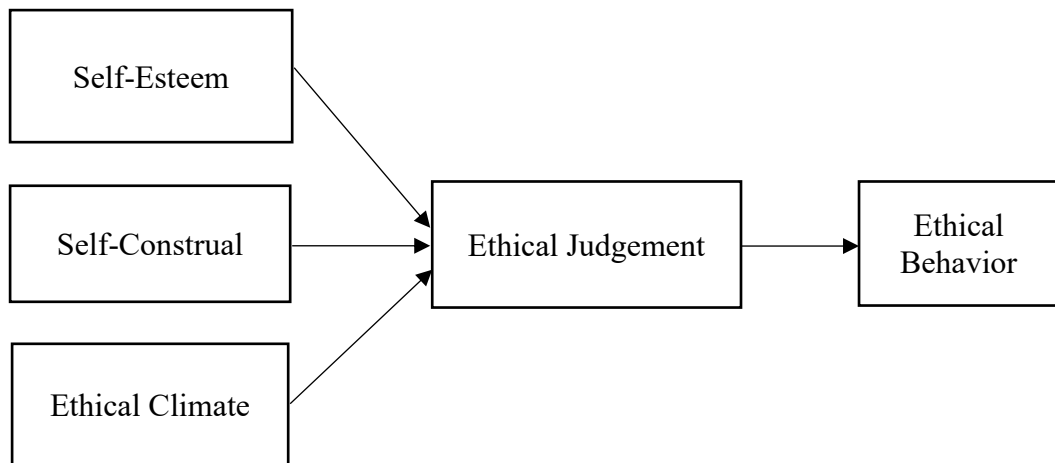


Source : Hamed Mohammad (2017)

## 2.6 Conceptual Framework of the Study

This study examines the level of ethical judgement and ethical behavior of Myanmar auditors and also factors influencing them. In the previous study of Hasnah Haron (2014), the author analyzed the factors influencing on ethical judgement with personal factors and organizational factors by using Hunt-Vetell marketing ethics theory. In the empirical study of Hamed Mohammad (2017), the author analyzed the factors influencing on the ethical judgement and ethical intention with the independent variables of skepticism, self-construal and self-esteem by using the Ethical Decision-Making Model by Rest. Based on literature reviews on ethical judgement and ethical behavior theories and the results of empirical studies, a conceptual model for this study is developed as presented in Figure (2.3).

**Figure (2.3) Conceptual Framework of the Study**



Source: Own compilation based on previous studies

From the above conceptual framework, the study proposes that the self-esteem, self-construal and ethical climate as independent variables and ethical judgement and ethical behavior as dependent variables. In this study, the conceptual framework proposes that relationship between factors influencing on ethical judgement and relationship between ethical judgement on ethical behavior of Myanmar Auditors. Based on the literature, working definition of variables are defined. Table (2.1) working definition of key terms used in this study.

**Table (2.1) Working Definition of Key Terms**

No	Variable	Working Definition
1	Self-esteem	A person of their self-respect, self-confidence, self-worth, self-acceptance, self-satisfaction, self-ideal or sense of competence on himself.
2	Self-construal	A person of their thoughts, beliefs, feelings and behaviors about "self" and about the relationship of the self to others.
3	Ethical climate	The whole organization's ethical situations, as well as of individual situations and organizational factors that well-being or not.
4	Ethical judgement	The decision by applying knowledge, training and experience, international accounting, auditing and ethical standards while giving the audit opinion or consultants on the companies
5	Ethical behavior	An organization demonstrates and teaches its staff regarding the company's values that influence employee behavior.



## **CHAPTER III**

### **OVERVIEW ON AUDIT INSTITUTIONS IN MYANMAR**

This chapter describes the background of Office of Auditor General which is organized by Burma Act of 1935, Myanmar Accountancy Council which is organized by the Union of Myanmar Revolution Council Law No. 2 dated 12-1-1972 (Myanmar Accountancy Council Law, 1972) and Myanmar Institutions of Certified Public Accounts organized by the Ministry of Home Affairs on 23 November 2013 and Ethical Judgement of Myanmar Auditors.

#### **3.1 Background of Office of Auditor General**

The origins of government auditing in Myanmar can be traced back to the pre-independence days of the British rule when we had an Auditor General appointed by the Burma Act of 1935. To help him exercise his statutory powers and his statutory duties a group of accounts and audit offices called the " Audit Circles " comprising the offices of the Accountant General (AG), Controller of Military Accounts (C M A), Controller of Post and Telecommunications Accounts (C P T A) and Examiner of Local Funds Accounts (E L F A) was established.

When Myanmar gained independence, Parliament passed the Auditor General Act of 1948, which provided for the appointment of the Auditor General. The number of existing Audit Circles mentioned above, was increased in 1955 with the establishment of the office of the Director of Commercial Audit, which was charged with the responsibility to conduct the audit of the state-owned commercial enterprises.

Moreover " The Government Institute for Training in Accounts and Audit " was set up in April 1958 by the government with the objective of conducting courses for training the selected personnel from government departments, State owned Commercial Enterprises, and the junior staffs of the offices of Accounts and Audit mentioned above to improve their working knowledge and capacity so as to become proficient in their respective fields of work such as accounting, auditing, managing the administrative affairs of office etc.

Since then, this Institute was placed under the control and supervision of the Auditor General. In 1962, the Revolutionary Council took over power, and during its reign, organizational structure of the Audit Department remained unchanged. Then, in

1974, Pyithuhluttaw (People's Congress) constituted under the newly adopted constitution of the Socialist Republic of the Union of Myanmar passed the Council of People's Inspectors Law under section 55 of the said constitution.

Under the provisions of the above-mentioned constitution and the Council of People's Inspectors law the Council of People's Inspectors was constituted with elected members of Pyithuhluttaw and regional Inspectorates were also formed with People's representatives at State / Division and Township Levels. And the Auditor - General Act of 1948 was repealed by section 67 of the Council of People's Inspectors law. As a result, with the exception of office of the Controller of Military Accounts, all the accounts and audit offices-namely, Offices of the Auditor General, AG, CPTA, ELFA, DCA, and the Government Institute for Training in Accounts and Audit - were merged into one office known as the Central Accounts Office in January 1974.

Since then, this Institute had become the Training and Research Section of the Central Accounts Office. The CMA was placed under the control of the Ministry of Defence in 1972-73 ending. At the same time, in accordance with the provisions of the new Constitution and the Council of People's Inspectors, regional Accounts Offices were newly opened at State/Division and Township Levels to assist the respective People's Inspectorates in their inspection tasks.

Again, on September 18, 1988, when the State Law and Order Restoration Council took over the reins of government, it appointed the Auditor General and the Deputy Auditor General under its order No. 7/88 dated September 27, 1988, and on September 28, 1988 under its order No.5/88 the law of Council of People's Inspectors was repealed by the Auditor General Law of 1988.

In March 30, 2011 the Peace & Development Council, formally known as the State Law and Order Restoration Council handed over the state power to the new government and Auditor General and Deputy Auditor General was appointed by new Auditor General Law in line with 2008 constitution. The Auditor General Law of 1988 was repealed by the new Auditor General of the Union Law of 2010. In accordance with our new Auditor General Law, we adopted decentralized system of government and our office structure is changed from centralized system to decentralized system. Now there are 14 Regional Auditor Generals for respective region and one Union Auditor General for Union level, known as Auditor General of the Union. The Law Amending the Auditor General of the Union Law enacted on January 21 in 2013, October 10 in 2014 and January 22 in 2018.

### **3.2 Background of Myanmar Accountancy Council**

Myanmar Accountancy Council was organized by the Union of Myanmar Revolution Council Law No. 2 dated 12-1-1972 (Myanmar Accountancy Council Law, 1972). Then, Myanmar Accountancy Council was reorganized by the State Law and Order Restoration Council' Law No. 1/94 dated 8-3-1994 (Myanmar Accountancy Council Law, 1994) and Myanmar Accountancy Council Law, 1972 was repealed. Then, Myanmar Accountancy Council Law (The Pyitdaungsu Hluttaw Law No. 31, 2015) was enacted by the Pyitdaungsu Hluttaw and Myanmar Accountancy Council Law, 1994 was repealed in 2015. The Law Amending the Myanmar Accountancy Council Law (The Pyidaungsu Hluttaw Law No. 5, 2019) was enacted by the Pyitdaungsu Hluttaw in 2019. The Myanmar Accountancy Council is reorganized once every four years according to the Myanmar Accountancy Council Law, 2015;

- (a) Auditor General of the Union: Chairman
- (b) Deputy Auditor General: Vice-Chairperson (1)
- (c) Chairperson of the Association: Vice-Chairperson (2)
- (d) Division and State Auditors-General: Members
- (e) Vice-Chairperson, Central Bank of Myanmar: Member
- (f) Director General, Internal Revenue Department: Member
- (g) Director General, Directorate of Investment and Companies Administration: Member
- (h) Rectors from the Universities of Economics not exceeding 5 in number: Members
- (i) Nine representatives from the Association: Members
- (j) Vice-Chairperson, Union of Myanmar Federation of Chambers of Commerce and Industry: Member
- (k) suitable citizen accounting professionals not exceeding 5 in number: Members
- (l) Director General, Administration, Training and Research Department, Office of the Union Auditor-General: Secretary
- (m) Secretary of the Association: Joint-Secretary

Main responsibility of the MAC is the correction of the public financial management system, protecting public interests and improving public finance management, it is to effectively investigate and report to the public. The task of this office is to carry out the inspection process towards the goals of good governance and

clean government in a quality and efficient manner. Now in Myanmar, there have 451 auditors registered under Myanmar Accountancy Council (MAC) in 2021.

As employees of the Office of the Auditor General of the Union, they must carry out their duties with the following core values in mind:

- (a) Honesty and integrity
- (b) Independence and objectivity
- (c) Vocational skills
- (d) Confidentiality
- (e) Diligently and conscientiously act
- (f) Put the public interest first

### **3.3 Background of Myanmar Institute of Certified Public Accountants (MICPA)**

The Myanmar Institute of Certified Public Accountants (MICPA) was first established on 23 November 2013 as an association authorized by the Ministry of Home Affairs. However, on 31 March 2014, it was established as a non-profit corporate entity, complete with its own articles of incorporation and bylaws under Certificate of Registration No. 1870 issued by the Directorate of Investment and Enterprise Finance, Ministry of Planning and Finance. which was formed The Institute operates under the umbrella of the Myanmar Accountancy Council.

In the past, it has been the policy of MAC to allow only commerce graduates who obtain high marks in the final B. Com. Exam to attend the CPA course. Until recent years the CPA course has been the preserve of those who have graduated with B Com degrees only. However, starting in the academic year 2014, as a departure from its previous policy, MAC has decided to open its doors to access higher professional accounting education not only for all graduates of the Institute of Economics but also for other graduates, who have fully passed the final D.A. Exam.

MAC has taken this measure as a way to broaden the base of CPA recruitment to include other graduates who have passed DA (Part II) Exam so they can to pursue higher accounting education. It also serves as a bridge for non-commerce graduates to cross over to the CPA courses, once they have passed DA (part II) Exams. These 2-year DA courses had been conducted by MAC for non-commerce graduates. Over the years a total of over 3,000 DAs have been produced. To further increase the number of qualified professional accountants, not only B.Com, but B.B.A but also B. Act

graduates of the Universities of Economics across the country as well as those who have passed ACCA (Part 1) and CIMA (level 2) exams are allowed to attend the CPA course.

Moreover, starting in the 2016 academic year, any graduate who pass the entrance test held by MAC is allowed to join the CPA course. Of course, all these measures are taken by MAC in order to meet the growing needs for qualified CPAs of the rapidly expanding business world in the wake of the Government's relaxation of corporate laws such the Myanmar Companies Law, Income-tax Law, Myanmar Investment Law, to mention just a few.

As part of its efforts to disseminate knowledge of accounting standards among members of the accounting profession, over the years a series of seminars has been held by the MICPA on accounting and auditing standards, professional ethics, company law, taxation, etc. since the program of "continuing professional education (CPE)" was launched for its members who are required to complete the CPE hours prescribed by the MICPA within a 3-year period for annual registration as CPAs and as practicing accountants with the MAC. These seminars are geared to enhancing the professional competency and efficiency of all MICPA members in all aspects.

Moreover, in a bid to further disseminate knowledge of the International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SMEs) not only among the professional accountants, but also among the community of the business leaders, a series of seminars on IFRS as well as of workshops on training for trainers in respect of SMEs has been conducted under the auspices of MICPA. The aim was to enable the CPA trainees, who had been trained at the workshop, to hold similar workshops locally in order to impart the knowledge of IFRS for SMEs that they had gained from the MICPA-hosted workshops to those members of the accounting profession and leaders of the business community, who had not had the chance to attend it for some reason or other. They will come to realize that it is their responsibility to practically apply those FRS in the preparation of their financial statements with the assistance of CPAs. Only then will the financial statements become standardized, thereby facilitating the comparison of their financial performance across the whole spectrum of different industries for the benefit of not only stakeholders, but prospective investors, as well.

### **3.4 Ethical Judgement of Myanmar Auditors**

The international authority responsible for regulating the ethics of the accounting profession is IFAC (International Federation of Accountants), whose declared scope is the protection of the public interest. In order to achieve this goal, the IFAC Code of Ethics emphasizes that auditors' responsibility is to act in best way they can, in the public interest. While a code of ethics is a formal authority for determining integrity and the objectivity of an audit opinion, elements such as culture and values are informal influencing factors audit decision.

The IFAC Code of Ethics specifies the fundamental principles to be respected by auditors and accountants, namely: integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Integrity thus means that the auditor will be honest when performing an audit objectivity refers to the absence of any conflict of interest that may impair your judgment, professionalism competence means continuing education, due care assumes that the auditor will follow the audit standards, while the confidentiality principle means that the auditor will not disclose client information that acquired during his work without authorization and, finally, maintain professional behavior, the auditor will avoid any conduct which may bring the whole profession into disrepute, act in accordance with to laws and regulations. In establishing these ethical principles, both IFAC and FEE (Fédération des Experts Comptables Européens) has issued important guidelines for ethical audit procedures, which describe responsibility in the public interest.

The profession's ideals are directed at high levels of ethical behavior by accountants who will observe such a behavior not because they feel pressured to follow the rules, but because they are aware of the value of work for the recipients of the audit report.

The Office of the Auditor General of the Union were announced the Notification (4/2020) on the date of 20.3.2020 to apply the International Standard (ISSAI-30,130 : Code of Ethics). Start from 1995, the Office of the Auditor General of the Union were become the member of International Organization of Supreme Audit Institutions – INTOSAI, therefore, the Office of the Auditor General announced to apply the ISSAI-30,130: Code of Ethics to audit firms and Myanmar Auditors.

Ethical regulation can be perceived as an external limitation to act ethically, due to the risk of sanctions. When your behavior is not dictated by ethical principles, but your actions are determined by concern linked to reputation or the unwelcome

possibility of litigation, auditors may feel compelled to have an ethical behavior. If auditors are motivated in their ethical behavior by an external coercive force, then they do not have a deep awareness of their audit mission and may fall pay to advice.

In this study, self-esteem is referred to as the extent to which individuals hold positive views about themselves, whether these views are based on competence/efficiency or based on value (Rosenberg, 1965; Rosenberg et al., 1995). Self-esteem goes under a variety of terms such as self-respect, self-confidence, self-worth, self-acceptance, self-satisfaction, self-ideal or a sense of competence (Tharenou, 1979). Self-esteem is considered a universal and fundamental human needs (Maslow, 1970).

The auditing standards do not mention self-esteem. However, it is sufficient self-esteem critically important for accountants to maintain professional skepticism (Yankova, 2015) which means relying on one's judgment rather than being persuaded by management to make the ethical decision (Hurtt, 2010).

This study contributes both to the literature on the effects of personality traits on auditor ethical decisions and practices. Accounting and auditing firms often use psychometric tests, including personality tests, in their hiring processes and hiring processes (e.g., Institute for Psychometric Coaching, 2017).

In addition, the International Standard for Quality Control (ISQC) requires accounting and auditing firms to establish quality control policies and procedures that emphasize and reinforce basic ethical principles principles through education, training and follow-up. Although development and training programs can reinforce however, these attributes remain personality traits that are inherent in, and consist of, individuals, suggesting the general importance of evaluating and searching for these characteristics of the processes for selection and appointment of the audit firm.

More emphasis, stricter rules and regulations and good compliance with laws will influence auditors' decisions about unethical actions. The auditors reconsider your decision to act unethically by looking at the greatest possibility to be caught and punished. Stricter rules and regulations change the opinion and judgment of auditors. Notification of misconduct and the consequences of these unethical acts will alarm all auditors warn them and prevent them from committing unethical behavior.

## **CHAPTER IV**

### **ANALYSIS ON THE EFFECT OF FACOTORS INFLUENCING ON ETHICAL JUDGEMENT AND ETHICAL JUDGMENT ON ETHICAL BEHAVIOR**

This chapter describes the research design, reliability analysis, respondents' demographic profile, analysis of factors influencing on ethical judgement by self-esteem, self-construal and ethical climate and effect of ethical judgement on ethical behavior of Myanmar Auditors that is presented based on the data results from survey questionnaires.

#### **4.1 Research Design**

Descriptive and quantitative research methods were used in this study. Data were collected using an online-based survey questionnaire, developed through Google' online survey platform and administered to a sample of Practitioners under Myanmar Accountancy Council (MAC). Consequently, the survey was emailed to 150 potential respondents. The survey was completed by 130 participants, which represents a response rate of 28%. The survey collected data to measure the three independent variables of self-esteem, self-construal and ethical climate, and dependent variables of ethical judgement and ethical behavior and demographic information about the respondents.

The research questionnaires are measured by 5-Point Likert Scale items to examine the research objective formally. The scales range from (1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree). The collected data were analyzed by SPSS statistical tool. Multiple Regression analysis were used to analyze the influencing factor of ethical judgement and the effect of ethical judgement on ethical behavior.



## 4.2 Respondents' Demographic Profile

As profiles of respondents, gender, age, professional accounting body, audit experience, number of auditors, current working position and years in current work position are presented in Table (4.1).

**Table (4.1) Respondents' Demographic Profile**

	Description	Frequency	Percent
Gender	Male	20	14.8
	Female	115	85.2
	Other	-	-
Age (Years)	Between 21 to 35	89	65.9
	Between 36 to 50	37	27.4
	Between 51 to 65	9	6.7
	66 or above	-	-
Audit experience	Less than a year	17	12.6
	1 – 3 years	17	12.6
	4 – 6 years	46	34.1
	More than 6 years	60	44.4
Current working position	Audit partner	22	16.3
	Audit manager	45	33.3
	Senior auditor	49	36.3
	Junior auditor	19	14.1
	Other	-	-

Source: Survey Result, 2022

According to the Table (4.2), 14.8% of the respondents are male and 85.2% of the respondents are female. This indicates that the majority of the respondents are female. The results showed that 65.9% of the respondents are at the age of between 21 to 35, 27.4% are at the age of between 36 to 50, 6.7% are at the age of between 51 to 65.

The results of audit experience of respondents show that 12.6% of the respondents have under 1-year experience level, also 12.6% have 1 to 3 years' experience, 34.1% have 4 to 6 years' experience and 44.1% have over 6 years of experience in the audit firm. The results of number of auditor in the audit firm of respondents stated that 28.9% of the respondents are between 1 to 20, 23% of the

respondents are between 21 to 40 people, 45.9% are between 41 to 60 and the rest of 2.2% are above 61 auditors in their audit firm.

The results of current working position of respondents show that 16.3% are audit partner, 33.3% are audit manager, 36.3% are senior auditor and the rest of 14.1% are junior auditor in audit firm.

### 4.3 Reliability Analysis

In this study, Cronbach's alpha value is used as a measure of the internal consistency of the scales used in the questionnaire. If alpha is low, then at least one of items are unreliable and must be identified via item analysis procedure. However, as per DeVellis (2003), the Cronbach's alpha value should ideally be above 0.7. In this study, studies scales were tested for internal consistency reliability using Cronbach's alpha test as depicted in following Table (4.2).

**Table (4.2) Results of Cronbach's Alpha Value**

Scale	No. of Items	Cronbach's Alpha
Ethical Judgment	10	0.919
Ethical Behavior	6	0.778
Self-Esteem	8	0.871
Self-Construal	8	0.871
Ethical Climate	8	0.863

Source: Survey Result, 2022

According to the Table (4.2), results of Cronbach's Alpha Value, the results of the Cronbach's alpha value for all scale are greater than 0.7, suggesting very good internal consistency and reliability for the scale with this sample since all scale are greater 0.7. Thus, the reliability of data for these variables is an acceptable score. This measurement is with five-point Likert scales.

### 4.4 Descriptive Statistics for Variables

In this research there were included three independent variables which are self-esteem, self-construal and ethical climate and dependent variables which are ethical judgement and ethical behavior. Depends on these variables this research will investigate which factors are influencing on ethical judgement and analyzing on ethical

judgement on ethical behavior of Myanmar Auditors. Mean values were calculated based on the results of respondents' answers. Mean score interpretations are shown in table (4.3).

**Table (4.3) Mean Score Interpretation**

<b>No.</b>	<b>Mean score between</b>	<b>Interpretation</b>
<b>1</b>	1.00 – 2.33	Low
<b>2</b>	2.34 – 3.67	Moderate
<b>3</b>	3.68 – 5.00	High

Source: Landell (1997) & Mohd Najib (1994)

According to the Table (4.3), the mean score between 1 to 2.33 are described as low level of respondents' perception. The mean score between 2.34 to 3.67 are described as moderate level of respondents' perception. As well as the mean score between 3.68 to 5 are describes as high level of respondents' perception.

#### **4.4.1 Self-Esteem**

To measure respondents' self-esteem, the Rosenberg Self-Esteem Scale (Rosenberg, 1965) used in this study. This scale was originally designed to measure global emotions of self-esteem or self-acceptance. It showed that respondents' general positive and negative feelings about themselves. Rosenberg's self-esteem scale is one of the most widely used self-esteem measures with satisfactory results psychometric properties and its validity and reliability have been tested in previous research. The effect of the self-esteem of influencing on ethical judgement is measured by eight questionnaires as described in Table (4.4).

**Table (4.4) Self-Esteem of Myanmar Auditor**

No.	Statement	Mean	Std. Dev
1	During the auditing process, satisfying with myself.	3.67	0.621
2	During the auditing process, thinking that I am good at all.	3.44	0.730
3	During the auditing process, feeling that I have a number of good qualities.	3.53	0.678
4	During the auditing process, doing things as well as most other people.	3.56	0.826
5	During the auditing process, feeling that I don't have must to be proud of.	2.82	0.945
6	During the auditing process, certainly feeling that useless at times.	2.51	0.961
7	During the auditing process, wishing I could have more respect for myself.	3.33	0.962
8	During the auditing process, taking a positive attitude toward myself.	3.90	0.721
<b>Average Scores</b>		<b>3.35</b>	

Source: Survey Result, 2022

According to the Table (4.4) the respondent fees that useless at times themselves during the auditing process with lowest mean score 2.51. However, the respondent takes a positive attitude toward themselves during the auditing process with highest means score 3.9. And also the respondents are satisfying themselves, thinking that they good at all, feeling that they have a number of good qualities and doing thing as well as most other people during the auditing process with respectively means scores of 3.67, 3.44, 3.53 and 3.56. At the meanwhile, the perception of Myanmar Auditors they perceived that they have moderate level of self-esteem with average mean score 3.35. It indicates that self-esteem is positively influencing on ethical judgement of Myanmar Auditors.

#### 4.4.2 Self-Construal

In this study, the Self-Construal Scale (SCS) developed by Singelis (1994) is used to measure whether auditors perceive themselves as independent of others or as dependent on each with others. Although it is theoretically argued that the aspects of independence and interdependent self-construal can co-exist in an individual (Singelis, 1994), one of the two self-construal consistently dominates an individual's personality, thoughts, feelings and behaviors (Hannover & Kuhnen, 2004). Hence this study compares those who have a dominant independent self-construal with those who have a dominant self-construal interdependent self-construal for the effect of self-construal on ethical judgments and ethical behaviors. The effect of the self-construal of influencing on ethical judgement is measured by eight questionnaires as described in Table (4.5).

**Table (4.5) Self-Construal of Myanmar Auditor**

No.	Statement	Mean	Std. Dev
1	Enjoying being unique and different from others in many respects.	3.68	.825
2	Strongly disagreeing with group members, I avoid an argument.	3.39	.963
3	Respecting people who are modest about themselves.	3.74	.753
4	Rather saying “No” directly than risk being misunderstood.	3.47	.790
5	Having a lively imagination is important to me.	3.59	.883
6	Should taking into consideration my parent’s advice when making education/career plans.	3.36	.824
7	Will staying in a group if they need me, even when I am not happy with the group.	2.96	.921
8	Maintaining harmony within my group is important for me.	3.61	.819
<b>Average Scores</b>		<b>3.48</b>	

Source: Survey Result, 2022.

According to the Table (4.5) the respondent staying in a group if the members are need them, even though they are not happy with the group during the auditing process with lowest mean score 2.96. However, the respondent respect the people who are modest about themselves with highest mean score 3.74. And also the respondents are enjoying being unique and different from others in many respects, maintaining harmony is important for them within their group and having a lively imagination is also important to them with respectively means scores of 3.68, 3.61 and 3.59. At the meanwhile, the perception of Myanmar Auditors they perceived that they have moderate level of self-construal with average mean score 3.48. It indicates that self-construal is positively influencing on ethical judgement of Myanmar Auditors.

#### 4.4.3 Ethical-Climate

In this study, the ethical-climate developed by Hasnah Haron (2014) is used to measure whether organizational factors of ethical-climate will reliable on factor influencing of ethical judgement. Ethical climate influences outcomes involving ethical behavior (Victor, 1988; Wimbush, 1994). The ethical climate of a firm dictates its ethical values and behaviors expected from employees and influences the ethicality of its members (Wimbush & Verbeke). The effect of the ethical-climate of influencing on ethical judgement is measured by eight questionnaires as described in Table (4.6).

**Table (4.6) Ethical-Climate of Myanmar Auditor**

No.	Statement	Mean	Std. Dev
1	Making the announcement from top management to the employees that certain terms unethical behavior will not be tolerated in my firm.	3.37	.780
2	Avoiding the engage in behaviors that they consider unethical.	3.53	.771
3	Succeeding in my firm, it is often necessary to compromise one's ethics.	2.99	.885
4	Having engaged with unethical behavior that results primarily in personal gain (rather than firm gain), he or she will be promptly reprimanded, if an employee in my firm is discovered.	3.44	.740

5	Having engaged with unethical behavior that results primarily in firm gain (rather than personal gain), he or she will be promptly reprimanded, if an employee in my firm is discovered.	3.46	.720
6	Conforming to ethical conduct, management generally need to stresses.	3.50	.668
7	Conducting the code of ethics is important in my firm.	3.70	.744
8	Conducting the code of ethics is an important component of the organizational culture.	3.77	.762
<b>Average Scores</b>		<b>3.47</b>	

Source: Survey Result, 2022

According to the Table (4.6) the perception of respondents often necessary to compromise one's ethics to succeed in their firm with lowest mean score 2.99. However, the perception of respondents by conducting the code of ethics is an important component of their organizational culture with highest mean score 3.77. And also the respondents are generally need to stress in conforming to ethical conduct, avoid the engage in behaviors that they consider unethical and get announcement from top management to the employees that certain terms unethical behavior will not be tolerated in their firm with respectively means scores of 3.50, 3.53 and 3.37. At the meanwhile, the perception of Myanmar Auditors they perceived that they have moderate level of ethical climate with average mean score 3.47. It indicates that ethical climate is also positively influencing on ethical judgement of Myanmar Auditors.

#### **4.4.4 Ethical Judgement**

The scenario is based on the one developed by Knapp (1985) and has been extensively used in subsequent studies of professional accountants' and auditors' ethical judgments and ethical reasoning (see, e.g., Gul et al., 2003; Patel et al., 2002; Tsui & Gul, 1996). The ethical judgement is measured by ten questionnaires as described in Table (4.7).

**Table (4.7) Ethical Judgement of Myanmar Auditor**

No.	Statement	Mean	Std. Dev
<b>Q.1</b>	<b>Evaluating the decision made by Eden.</b>		
1	Ethical	2.30	1.074
2	Fair	2.21	.955
3	Morally Right	2.50	.969
4	Acceptable to my Family	2.54	.912
5	Culturally Acceptable	2.69	.966
6	Traditionally Acceptable	2.67	.970
7	Does not Violate an Unwritten Social Contract	2.89	1.034
8	Does not Violate an Unspoken Promise	3.10	1.099
<b>Q.2</b>	<b>The probability that you would make the same decision as Eden for making the decision in the above case.</b>		
9	Highly Probable	2.53	1.021
<b>Q.3</b>	<b>The probability that your colleagues would make the same decision as Eden for making the decision in the above case.</b>		
10	Highly Probable	2.61	0.930
<b>Average Scores</b>		<b>2.60</b>	

Source: Survey Result, 2022

According to the Table (4.7) the scenario describes an accountant client conflict between the external auditor responsible for Jordan Manufacturing Ltd and Eden's Chief Financial Officer (CFO) on the materiality of specific unreported liabilities that have discovered during the audit. The conflict in the scenario arises because the lead auditor believes that the full amount of the unreported liability is material, while Eden's CFO argues that quantity is irrelevant. The scenario also describes the client as being economically significant to the audit firm in terms of its contribution to total audit revenue and in a market with strong competition from other accounting firms. The scenario ends by stating that the responsible auditor eventually decides to disregard unreported liabilities for both of them financial statements and audit report.

The perception of Myanmar Auditor will not make the same decision as Eden with low level of mean score 2.53. And also the respondents disagreed with the statements if their colleagues were responsible for making the decision in the above case, the colleagues would not make the same decision as Eden with low level of mean



score 2.61. At the meanwhile, the respondents make the same decision they perceived that they have disagreed in ethical judgement with 2.6 mean score which means that the respondents were disagreed that the statements can indicate the effect on ethical judgement. From the responses of the 130 auditors, the level of the ethical judgement of auditors is below average (mean = 2.6). Therefore, Myanmar auditors tend to make ethical judgements.

#### 4.4.5 Ethical Behavior

This study adapted the measurement of ethical culture which consisted of 6 items measurement developed by Hunt, Wood and Chonko in 1989. The 6 items being measured were concerning about ethics in organization, the perceived extent when individual acts ethically and the perceived extent either firm will punish or reward for any unethical behavior (Douglas et al., 2001). The effect of the ethical is measured by six questionnaires as described in Table (4.8).

**Table (4.8) Ethical Behavior of Myanmar Auditors**

No.	Statement	Mean	Std. Dev
1	Perceiving that managers and partners engage in behaviors that I consider to be unethical in my firm. ®	2.21	.949
2	Perceiving that senior auditors engage in behaviors that I consider to be unethical in my firm. ®	2.50	.961
3	Perceiving that junior auditors engage in behaviors that I consider to be unethical in my firm. ®	2.56	.903
4	Often place ‘business pressures’(e.g. getting the audit done within time constraints or satisfying the client management etc.) ahead of the quality of the audit work in my firm.	2.70	.956
5	Known as a leader in promoting professional ethics within the profession.	3.56	.698
6	Having either explicitly or implicitly pressured by supervisors in my firm to place the profitability of the audit firm ahead of the quality of audit work done.	2.90	1.057
<b>Average Scores</b>		<b>2.74</b>	

Source: Survey Results, 2022.

According to the Table (4.8) the perception of respondents rarely perceived that managers and partners engage in behavior that they consider to be unethical in their firm with lowest mean score 2.21. Nevertheless, the perception of respondent's audit firms is known as a leader in promoting professional ethics within the profession with highest mean score 3.56. However, the respondents are often place 'business pressures' (e.g. getting the audit done within time constraints or satisfying the client management etc.) ahead of the quality of the audit work in their firm and have either explicitly or implicitly pressured by supervisors in their firm to place the profitability of the audit firm ahead of the quality of audit work done with respectively means scores of 2.70 and 3.56. At the meanwhile, the perception of Myanmar Auditors they perceived that they have moderate level on ethical behavior with 2.74 average mean score which means that Myanmar auditors tend to make ethical behavior.

By summarizing the respondent's Five-Likert responses, mean score and standard deviation are mostly moderate but some are strong. Among them, the highest mean score is the most impressionable dimensions and this means that the respondents are more satisfied with this dimension than expected are as follow Table (4.9).

**Table (4.9) Summary of Mean Scores for Variables**

<b>Statements</b>	<b>Mean</b>
Self-Esteem	3.35
Self-Construal	3.48
Ethical Climate	3.47
Ethical Judgement	2.60
Ethical Behavior	2.74

Source: SPSS Results (2022)

According to the Table (4.9) perception of Myanmar Auditors they perceived that they have moderately level in self-construal with mean scores 3.48 which means that the self-construal is an important personality factor that the most influencing on ethical judgement of Myanmar Auditors. On the other hand, the ethical climate with mean score 3.47 also important organization factor that the most influencing on ethical judgement of Myanmar Auditors. The self-esteem with mean score 3.35 also have the moderately level with mean score 3.47 which means that the self-esteem is the

important personality factor that the influencing on ethical judgement of Myanmar Auditors.

#### 4.5 Relationship between Factors Influencing and Ethical Judgement

This section analyses the relationship between factors influencing (such as self-esteem, self-construal and ethical climate) and ethical judgement and analyzing the effect of factors influencing on ethical judgement of Myanmar Auditors.

The relationship of independent variables and dependent variable is measured via Pearson Correlation. The significance level is 0.05 in the Pearson Correlation test, which means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant p-value is less than 0.05 (Malhorta, 2010). The relationship between ethical judgement and factors influencing as shown in Table (4.10).

**Table (4.10) Correlation Coefficient of Factors Influencing and Ethical Judgement**

ID	Ethical Judgement
Self-Esteem	0.226** .000
Self-Construal	0.306** .000
Ethical Climate	0.173* .000

Source: Survey Results, 2022

\*\* . Correlation is significant at the 0.01 level (2-tailed).

According to the Table (4.10), it is clear that there is moderate and direct relationship between factors influencing and ethical judgement. The resulted P value of factors influencing (0.000) is less than the  $\alpha=0.01$  (1% level of significant). This means that correlation coefficient between factors influencing and ethical judgement is significant at 1% level of significance. And, there is moderate and direct relationship between ethical climate and ethical judgement. Through studying the relationship between self-construal and ethical judgement is strongly and directly relationship. The resulted P value of self-construal (.000) is less than  $\alpha=0.01$  (1% level of significant).

This means that correlation coefficient between self-construal and ethical judgement is in significant at 1% level of significance.

To analyze the influencing factor of Ethical Judgement, the multiple regression analysis is conducted, and the results are reported in Table (4.11).

**Table (4.11) Regression Analysis on the Effect of Factors Influencing on Ethical Judgement of Myanmar Auditors**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	-2.849	.568		-5.014	.000	
Self-Esteem	.212	.133	.098	1.594	.113	1.035
Self-Construal	1.027***	.094	.703	10.939	.000	1.123
Ethical Climate	.512***	.088	.368	5.799	.000	1.096
Adjusted R <sup>2</sup>	0.507					
F value	46.965**					

Source: Survey Results, 2022

Note: \*\*\* Significant at 1% level, \*\* Significant at 5% level.

According to the Table (4.11), there is no collinearity and is acceptable among all of independent variables because VIF value is less than 10. All factors influencing were positive and adjusted R-squared was 0.507 which indicated that there is moderate effect on the ethical judgement on Myanmar Auditors. Self-esteem with  $\beta$  value of 0.098 indicated that it has negative influence on the ethical judgement of Myanmar Auditors according to the linear regression model analysis. Self-construal with  $\beta$  value of 0.703 indicated that it has a positive influence and dominant effect on the ethical judgement of Myanmar Auditors according to the linear regression model analysis. This can also be explained as if there is an increase of one unit in self-construal, 1.027 will affect the ethical judgement of Myanmar Auditors while holding the other constants. Consequently, the ethical climate with  $\beta$  value of 0.368 indicated that it has also the positive impact on the ethical judgement of Myanmar Auditors. It can also be explained as if there is an increase of one unit in ethical judgement, 0.512 will affect the ethical judgement of Myanmar Auditor while holding the other constants.

#### 4.6 Relationship between Ethical Judgement and Ethical Behavior

This section examines the relationship between ethical judgement and ethical behavior. After that the effect of ethical judgement on ethical behavior of Myanmar Auditors is analyzed.

The relationship between ethical judgement and ethical behavior as shown in Table (4.12).

**Table (4.12) Correlation Coefficient of Ethical Judgement and Ethical Behavior**

ID	Ethical Judgement
Ethical Behavior	0.888** 0.000

Source: Survey Results

\*\* Correlation is significant at the 0.01 level (2-tailed).

According to the Table (4.12), it is clear that there is moderate and direct relationship between ethical judgement and ethical behavior. The resulted P value (0.000) is less than the  $\alpha=0.01$  (1% level of significant). This means that correlation coefficient between ethical judgement and ethical behavior is significant at 1% level of significance. Through studying the relationship between ethical judgement and ethical behavior is strongly and directly relationship.

To analyze the effect of ethical judgement on ethical behavior, the multiple regression analysis is conducted, and the results are reported in Table (4.13).

**Table (4.13) Regression Analysis on the Effect of Ethical Judgement on Ethical Behavior**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.280	.113		11.358	.000
Ethical Judgement	.586***	.042	.774	14.094	.000
R <sup>2</sup>	0.599				
F value	198.651**				

Source: Survey Results, 2022

Note: \*\*\* Significant at 1% level

According to the Table (4.13), dependent variables were positive and R-squared was 0.599 which indicated that there is 59% accuracy on the ethical behavior of the company. Consequently, ethical judgement of the company with  $\beta$  value of 0.774 indicated that it has a positive influence on the ethical behavior of the company according to the linear regression model analysis. This can also be explained as if there is an increase of one unit in ethical judgement, 0.586 will affect the ethical behavior of the Myanmar Auditors.

## **CHAPTER V**

### **CONCLUSION**

This chapter examined the ethical judgement and ethical behavior of Myanmar Auditors. This chapter represents a summary of findings in chapter four. It describes findings and discussions, suggestions and recommendations and need for further research.

#### **5.1 Findings and Discussions**

The study revealed that self-construal is an important personality factor that promotes auditors' ethical judgement and behavior with average mean scores in accordance with the perception of respondents. The finding shows that auditors with high levels of self-construal trait are more likely to influence by making ethical decision than auditors with low levels of self-construal.

The study also revealed that self-esteem is also the important personality factor that promotes auditors' ethical judgement and behavior with average mean scores in accordance with the perception of respondents. The finding shows that auditors with high levels of self-esteem trait are more likely to influence by making ethical decision than auditors with low levels of self-esteem

As per means score interpretation, the finding of ethical climate is the higher the auditors perceived the ethical climate in the organization with average mean scores in accordance with the perception of respondents, more ethical they will be. If employees caught behaving unethically do so reprimanded, others will avoid the same behavior. Alternatively, the findings might point to a more complex relation of ethical climate with ethical decision-making.

In contrast to the results for the personal factor of self-esteem, self-construal and organizational factor of ethical climate is the moderately support for the effect on auditor ethical judgement. On the one hand, the effect of self-esteem has specifically shown that high self-esteem does not always promote ethical decisions and ethical behavior a less important personality trait in influence auditors' ethical decision making in relation to self-construal and ethical climate.

However, self-esteem effect can sometimes be depended by other factors, such as materialistic characteristics of the auditors and their expectations of the benefits and risks of their judgments.

From the responses of the 130 auditors, the level of the ethical judgement of auditors is below average. Therefore, Myanmar auditors tend to make ethical judgements.

Based on the correlation analysis that has been conducted, it was found that ethical judgement has a significant positive relationship with factors influencing. This means that both self-esteem and self-construal of auditors and ethical climate of audit firms are able to develop the ethical judgement of auditors.

In addition, ethical judgement also has a significant positive relationship with ethical behavior in correlation analysis. This indicated that ethical judgement of auditors intend to achieve ethical behavior in decision making.

Based on regression analysis, it was found that self-construal has a positive influence and dominant effect on the ethical judgement of Myanmar Auditors. It was found that ethical climate has a positive influence on the ethical judgment of Myanmar Auditors. However, the study found that self-esteem has not influenced and dominant effect on the ethical judgement of Myanmar Auditors. It indicates that when the self-construal and ethical climate is high, auditors' ethical judgement can also increase.

Besides that, ethical judgement also has a positive influence on the ethical behavior of Myanmar Auditors in regression analysis. It indicates that when ethical behavior is high, auditors' ethical judgement can improve the abilities to detect any ethical issue.

## **5.2 Suggestions and Recommendations**

According to the study, it is likely that an adequate level of self-esteem is significant in developing auditors' ethical decision making. A sufficient level of self-esteem in audit activities allows auditors to maintain an ethical mindset and to resist arguments, to make assertions and persuasion for the clients. Therefore, it is recommended that the management of audit firm should perform as a coach, mentor and counselor for auditors to develop their self-respect, self-confidence, self-worth, self-acceptance, self-satisfaction, self-ideal or sense of competence on themselves and to make the ethical judgement and behavior without bias and not include their self-decision.



Regarding the effect of self-construal on auditors' ethical decision-making, the study found that auditors who predominantly perceive themselves as independent of others are likely to be mentally independent in dealing with their clients. Therefore, this study suggests that auditors should resolve the conflict with clients and their decisions should be more objective as a result of the ethical decisions. This result recommended that the audit firms should provide ethical training on how to maintain harmony in their group and how to improve their ethical mindset during the auditing process.

This study found that the ethical climate influences the auditors' ethical judgments. As per this study's result, the audit firm management should create the ethical climate for their organizations. If the auditors perceive that the organizational climate is ethical, they are likely to behave ethically. Therefore, more emphasis on the strict rules and regulations and good compliance with laws will influence auditors' decisions to be ethical. These rules and regulations lead to the ethical opinion and judgment of auditors. Notification of misconduct and the consequences of unethical acts will alert and warn auditors and prevent them from committing unethical behavior.

By implementing and enforcing ethical codes and ethics policies behavior, as well as rewarding ethical behavior and punishing unethical behavior, management can also create an ethical climate that benefits affects ethical behavior. Management should inform employees that ethics is a concern of the company, and top management should be an example to the employees.

And this study recommends the audit firms to make announcement of any unethical behavior in their audit firms. Consequently, this study recommends the audit firms to conform the ethical conduct, apply the ethical conduct and make the rules and regulations to punish or reward if the employee make any unethical judgement or behavior. Therefore, the auditors should reconsider the decision to act unethically by looking at the greatest possibility to be found and punished.

Specifically, it is acknowledged that self-construal and ethical climate can potentially promote auditors' ethical judgments and ethical behavior will enable audit firms to focus on these aspects when hiring personnel and/or assignment of personnel to review work teams.

### **5.3 Need for Further Research**

This study emphasized on investigate the factors influencing on ethical judgement and analysis the effect of ethical judgement on ethical behavior of Myanmar Auditors with the number of limitations by using Ethical Decision-Making Model of Rest (1986). Further studies should use the other ethical decision-making models to investigate the factors influencing on ethical sensitivity, ethical judgement, ethical intention and ethical behavior. In this study, the representative sampling was used but the sample in this study may not be representative of Myanmar Auditors because of the low response rate. Further studies also should conduct a larger sample for accuracy and representativeness of the Myanmar Auditor population. And also, further studies may use qualitative methods such as interviews and narratives to gain further insights into the complexities and dynamics associated with personality influence and ethical climate.

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**APPENDIX – I**  
**Survey Questionnaire**  
**ETHICAL JUDGEMENT AND ETHICAL BEHAVIOR OF**  
**MYANMAR AUDITORS**

**Part I: Respondent Profile**

1. What is your gender?
  - Male
  - Female
  - Other
  
2. Please indicate your age bracket.
  - 21 - 35
  - 36 - 50
  - 51 - 65
  - 66 or above
  
3. How many years of audit experience do you have?
  - Less than a year
  - 1 – 3 years
  - 4 – 6 years
  - More than 6 years
  
4. What is your current work position within the audit firm?
  - Audit partner
  - Audit manager
  - Senior auditor
  - Junior auditor
  - Other, specify: \_\_\_\_\_.

## Part II: Ethical Judgement

Please read the following scenario:

Jordan Manufacturing Ltd (Jordan) is a large publicly owned producer of electronic equipment used in hospitals and medical laboratories. In the current year's audit, a dispute has arisen between Eden, the external auditor-in-charge, and the management of Jordan over the materiality of certain unrecorded liabilities discovered during the audit. Eden feels the total amount of the unrecorded liabilities is material and that the financial statements should be adjusted accordingly. However, the chief financial officer of Jordan argues that the total amount of unrecorded liabilities is immaterial and therefore it is unnecessary to adjust the financial statements in this regard. Jordan's management believes that it should know as well as anyone what financial statement readers would or would not deem to be material. Jordan Manufacturing Ltd is an important client contributing significantly to the total audit revenue of the audit firm which Eden works for. Furthermore, the current audit market is characterised by a large number of auditing firms that are aggressively pursuing expansion programmes.

After a lengthy discussion with Jordan's management, Eden decided that the unrecorded liabilities will be ignored for the purposes of the financial statements as well as the auditor's report.

Please answer the following questions by choosing a specific point on each of the following scales:

Q1: How would you evaluate the decision made by Eden?

	1	2	3	4	5
Ethical					
Fair					
Morally Right					
Acceptable to my Family					
Culturally Acceptable					
Traditionally Acceptable					

Does not Violate an Unwritten Social Contract					
Does not Violate an Unspoken Promise					

Q2: If you were the external auditor responsible for making the decision in the above case, what is the probability that you would make the same decision as Eden?

	1	2	3	4	5
Highly Probable					

Q3: If your colleagues were responsible for making the decision in the above case, what is the probability that they would make the same decision as Eden?

	1	2	3	4	5
Highly Probable					

**Part III: Ethical Behavior**

Strongly disagree      Strongly agree



No	Statement	1	2	3	4	5
1	In my firm, I sometimes perceive that managers and partners engage in behaviors that I consider to be unethical.					
2	In my firm, I sometimes perceive that senior auditors engage in behaviors that I consider to be unethical.					
3	In my firm, I sometimes perceive that junior auditors engage in behaviors that I consider to be unethical.					
4	Many auditors within my firm will often place 'business pressures'(e.g. getting the audit done within time constraints or satisfying the client management etc.) ahead of the quality of the audit work.					
5	My firm is known as a leader in promoting professional ethics within the profession.					
6	On some occasions, I have been either explicitly or implicitly pressured by supervisors in my firm to place the profitability of the audit firm ahead of the quality of audit work done.					

#### Part IV: Self – Esteem

Please indicate to what extent you agree or disagree with each of the following statements:

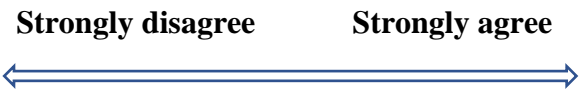
**Strongly disagree**

**Strongly agree**



No	Statement	1	2	3	4	5
1	On the whole, I am satisfied with myself.					
2	At times I think I am good at all.					
3	I feel that I have a number of good qualities.					
4	I am able to do things as well as most other people.					
5	I feel I don't have must to be proud of.					
6	I certainly feel useless at times.					
7	I wish I could have more respect for myself.					
8	I take a positive attitude toward myself.					

**Part V: Self – Construal**



No	Statement	1	2	3	4	5
1	I enjoy being unique and different from others in many respects.					
2	Even when I strongly disagree with group members, I avoid an argument.					
3	I respect people who are modest about themselves.					
4	I'd rather say "No" directly than risk being misunderstood.					
5	Having a lively imagination is important to me.					
6	I should take into consideration my parent's advice when making education/career plans.					
7	I will stay in a group if they need me, even when I am not happy with the group.					
8	It is important for me to maintain harmony within my group					

**Part VI: Ethical Climate**

**Strongly disagree**

**Strongly agree**



No	Statement	1	2	3	4	5
1	Top management in my firm has make the announcement to the employees that certain terms unethical behavior will not be tolerated.					
2	Employees in my firm avoid the engage in behaviors that they consider unethical.					
3	In order to succeed in my firm, it is often necessary to compromise one's ethics.					
4	If an employee in my firm is discovered to have engaged with unethical behavior that results primarily in personal gain (rather than firm gain), he or she will be promptly reprimanded.					
5	If an employee in my firm is discovered to have engaged with unethical behavior that results primarily in firm gain (rather than personal gain), he or she will be promptly reprimanded.					
6	Management generally stresses the need to conform to ethical conduct.					
7	In my firm, the code of ethical conduct is important.					
8	The code of ethical conduct is an important component of the organizational culture.					



## APPENDIX – II

### Survey Result

#### ETHICAL JUDGEMENT AND ETHICAL BEHAVIOR OF MYANMAR AUDITORS

##### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	115	85.2	85.2	85.2
	Male	20	14.8	14.8	100.0
	Total	135	100.0	100.0	

##### Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21 - 35	89	65.9	65.9	65.9
	36 - 50	37	27.4	27.4	93.3
	51 - 65	9	6.7	6.7	100.0
	Total	135	100.0	100.0	

##### Audit Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 – 3 years	17	12.6	12.6	12.6
	4 – 6 years	46	34.1	34.1	46.7
	Less than a year	12	8.9	8.9	55.6
	More than 6 years	60	44.4	44.4	100.0
	Total	135	100.0	100.0	

##### Current Working Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Audit manager	45	33.3	33.3	33.3
	Audit partner	22	16.3	16.3	49.6
	Junior auditor	19	14.1	14.1	63.7
	Senior auditor	49	36.3	36.3	100.0
	Total	135	100.0	100.0	

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ethical Judgement 1	135	1	5	2.30	1.074
Ethical Judgement 2	135	1	5	2.21	.955
Ethical Judgement 3	135	1	5	2.50	.969
Ethical Judgement 4	135	1	4	2.54	.912
Ethical Judgement 5	135	1	4	2.69	.966
Ethical Judgement 6	135	1	4	2.67	.970
Ethical Judgement 7	135	1	5	2.89	1.034
Ethical Judgement 8	135	1	5	3.10	1.099
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ethical Judgement 9	135	1	5	2.53	1.021
Ethical Judgement 10	135	1	5	2.61	.930
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ethical Behavior 1	135	1	5	2.21	.949
Ethical Behavior 2	135	1	5	2.50	.961
Ethical Behavior 3	135	1	4	2.56	.903
Ethical Behavior 4	135	1	4	2.70	.956
Ethical Behavior 5	135	2	5	3.56	.698
Ethical Behavior 6	135	1	5	2.90	1.057
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Self-Esteem 1	135	2	5	3.67	.621
Self-Esteem 2	135	2	5	3.44	.730
Self-Esteem 3	135	2	5	3.53	.678
Self-Esteem 4	135	2	5	3.56	.826
Self-Esteem 5	135	1	5	2.82	.945
Self-Esteem 6	135	1	5	2.51	.961
Self-Esteem 7	135	1	5	3.33	.962
Self-Esteem 8	135	2	5	3.90	.721
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Self-Construal 1	135	2	5	3.68	.825
Self-Construal 2	135	1	5	3.39	.963
Self-Construal 3	135	2	5	3.74	.753
Self-Construal 4	135	2	5	3.47	.790
Self-Construal 5	135	2	5	3.59	.883
Self-Construal 6	135	2	5	3.36	.824
Self-Construal 7	135	1	5	2.96	.921
Self-Construal 8	135	2	5	3.61	.819
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ethical Climate 1	135	2	5	3.37	.780
Ethical Climate 2	135	2	5	3.53	.771
Ethical Climate 3	135	1	5	2.99	.885
Ethical Climate 4	135	2	5	3.44	.740
Ethical Climate 5	135	2	5	3.46	.720
Ethical Climate 6	135	3	5	3.50	.668
Ethical Climate 7	135	1	5	3.70	.744
Ethical Climate 8	135	1	5	3.77	.762
Valid N (listwise)	135				

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ethical Judgement	135	1.00	4.00	2.6037	.75680
Ethical Behavior	135	1.67	4.67	2.7383	.63824
Self-Esteem	135	2.50	4.25	3.3472	.35079
Self-Construal	135	2.00	5.00	3.4750	.61556
Ethical Climate	135	2.50	5.00	3.4713	.54399
Valid N (listwise)	135				

### Descriptive Statistics

	Mean	Std. Deviation	N
Ethical Judgement	2.6037	.75680	135
Self-Esteem	3.3472	.35079	135
Self-Construal	3.4750	.61556	135
Ethical Climate	3.4713	.54399	135

### Correlations

		Ethical Judgement	Self-Esteem	Self- Construal	Ethical Climate
Pearson Correlation	Ethical Judgement	1.000	.226	.306	.173
	Self-Esteem	.226	1.000	.195	-.038
	Self-Construal	.306	.195	1.000	.392
	Ethical Climate	.173	-.038	.392	1.000
Sig. (1-tailed)	Ethical Judgement	.	.004	.000	.022
	Self-Esteem	.004	.	.012	.329
	Self-Construal	.000	.012	.	.000
	Ethical Climate	.022	.329	.000	.
N	Ethical Judgement	135	135	135	135
	Self-Esteem	135	135	135	135
	Self-Construal	135	135	135	135
	Ethical Climate	135	135	135	135

### Regression

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	Ethical Judgement <sup>b</sup>	.	Enter

a. Dependent Variable: Ethical Behavior

b. All requested variables entered.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.774 <sup>a</sup>	.599	.596	.36429	1.903

- a. Predictors: (Constant), Ethical Judgement  
 b. Dependent Variable: Ethical Behavior

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.362	1	26.362	198.651	.000 <sup>b</sup>
	Residual	17.650	133	.133		
	Total	44.012	134			

- a. Dependent Variable: Ethical Behavior  
 b. Predictors: (Constant), Ethical Judgement

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.280	.113		11.358	.000		
	Ethical Judgement	.586	.042	.774	14.094	.000	1.000	1.000

- a. Dependent Variable: Ethical Behavior

### Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Ethical Judgement
1	1	1.961	1.000	.02	.02
	2	.039	7.048	.98	.98

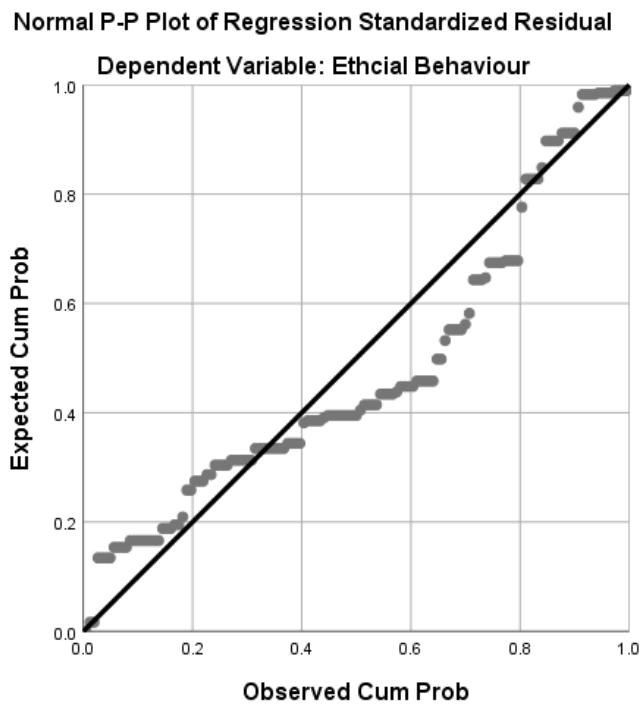
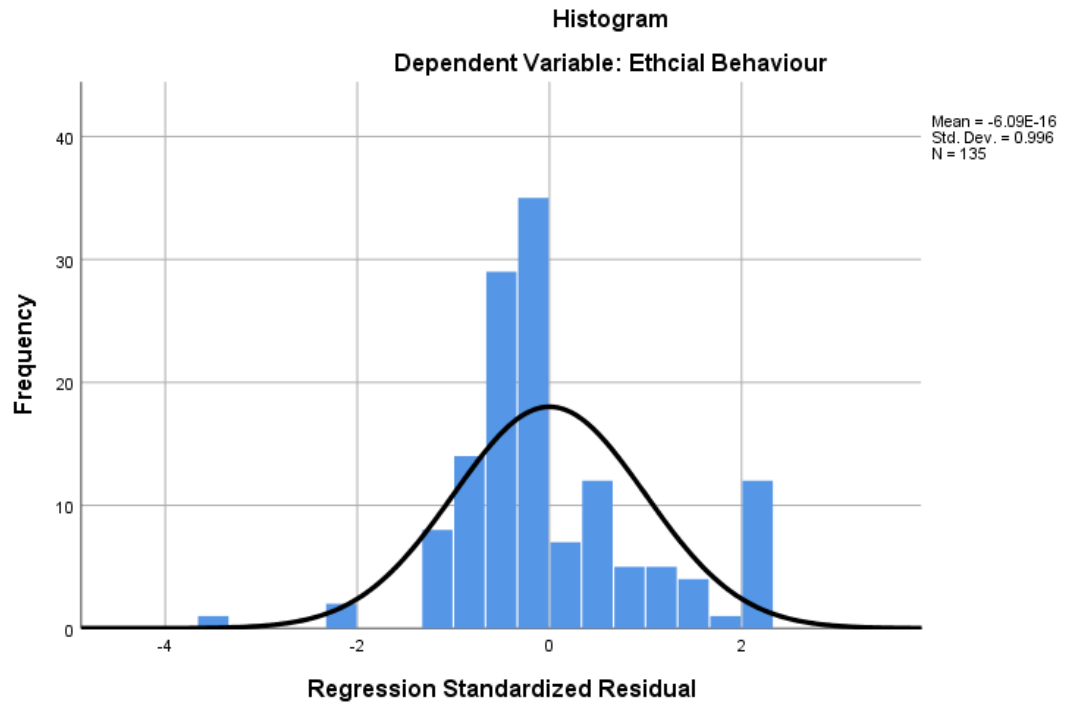
- a. Dependent Variable: Ethical Behavior

### Residuals Statistics<sup>a</sup>

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8663	3.6245	2.8062	.44354	135
Residual	-1.25455	.84068	.00000	.36292	135
Std. Predicted Value	-2.119	1.845	.000	1.000	135
Std. Residual	-3.444	2.308	.000	.996	135

- a. Dependent Variable: Ethical Behavior

## Charts



### Scatterplot

Dependent Variable: Ethical Behaviour

