

## Ethical Sensitivity Issues among Certified Public Accountancy Firms in Ethiopia

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### ABSTRACT

**Background and Justification:** In different developing nations, managers, leaders and business owners are exposed to money corruption. The root cause of this corruption is unethical decisions made by Public Accountants. This paper focuses on identified areas of ethical dilemma and the most important demographic factors that affect the ethics of professional accountancy.

**Methodology:** The research selected 317 certified public accountants as a sample based on probability sampling techniques. The study used demographic factors as an independent variable and ethical dilemma as a dependant variable. To test the statistical significance of each mean difference, the study used independent samples t test and One-way ANOVA parametric test.

**Result and suggestions:** The finding of the study summarize that Presentation of the financial reports, audit time by tax auditors and tax-related matters are the three most difficult areas of professional conflict of interest that affect professional activities. Result showed demographic variables of gender, age, level of education and professional experiences were a mean significance variations in each group for exposing of ethical dilemma.

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### Introduction

Ethics is a moral value that guides everyone to do right or wrong. Before criminal law, civil law or commercial laws were created; the community was ruled by ethical and moral values. There are different definitions of ethics. According to Johannes ethics is defined as morals, values, and beliefs of the individuals, family or society [1]. Ethics is important for doing things effectively and efficiently. According to Salaudeen et al. ethics are the moral principles that an individual uses in governing his or her behavior. It plays a vital role in achieving business goals and leads the professional work in good manner. Business organizations are ruled and guided by business ethics [2]. Sinha & Mishra defined business ethics as “rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness in specific situations [3].”

Naagarazan defined a profession, is an occupation, job, vocation that requires advanced expertise (skill and knowledge), self-regulation, and concerted service to the public. Professional ethics is ethics for professionals and vital for their professional activities [4]. According to Airaksinen professional ethics is a field of applied ethics whose purpose is to define, clarify, and criticize professional work and its typical values [5]. In every profession like law, medicine, construction, pharmacology, accountancy, and psychologists, there is a need of ethical behavior for their decision-making and should follow a code of conduct.

In Certified Public accountancy firm, professional ethics is the assurance of their going concern and important for public trust and confidence. Professional accountants such as authorized accountant and auditors make a decision and prepared financial reports related to their clients and customers. Professional ethics in accountancy is an important but difficult task for growing and growth nations. Office of the Federal Auditor General (OFAG), International Ethics Standards Board for Accountants (IESBA) (2018) declared that professional accountancy should a responsible to their shareholders, creditors, employees, suppliers, government, professional bodies, the accounting profession and the public at large [6]. They perform such duties and responsibilities in accordance with the professional standards and ethical requirements developed by professional bodies.

Therefore, to achieve the above responsibility, they must develop ethics in their professional firms. Decision made by professional accountancy ethically /unethically is mostly accepted by the above users. Ethiopia in their Growth and Transformation Plan required mobilization of huge financial resource for investment. This investment needs high quality financial reporting for efficient tax collection, and healthy accountancy professionals play vital roles for country sustainable growth and improved business climate [7].

Thus, professional accountancy conducts their jobs based on the guideline of the code of professional ethics. Hence, ethics is the most important rule more than a law in the accountancy profession. Recently, ethics and integrity issues in profession accountancy have been in doubt and questionable acts. Claimed

that professional accountants and auditors are bothering on questionable acts due to the growing concern of ethical and integrity issues in their professional firms. These difficulties of the practices of professional ethics created an interest gap between professionals and users and exposed for an ethical conflict between professionals and users. This leads to failure in the given organization [8,9].

Finn et al. studied the existence of ethical dilemma. The study showed ethical dilemma existed when people perceived that their duties toward one group are inconsistent with their duties and responsibilities toward some other groups. In their firm, professional accountants are faced with challenges as a result of the devastations of large corporations [10,11].

In addition, professionals do accounting manipulation (change report accounting number) and it affects user decisions. Most of the professional accountants hide or manipulate the information [12]. So for minimizing those conflicts of interest and illegal activities, their professional work needs supervision by responsible bodies. Bakhtiari & Azimifar (2013) show accounting services are provided under the supervision of a professional association. In Ethiopia, Accounting and Audit Board of Ethiopia (AABE) is the responsible professional body that supervises and makes license permission for professional accountancy [13].

According to Babayanju the ethical issue is put in the category of ethical dilemmas when it involves difficult or unpleasant choices and can lead to indecision and inaction [14]. In different developing nations; managers, leaders and business owners are exposed to money corruption (fraud), this leads to a corporate failures. Ahinful & Addo, Onome Imoniana et al., Talebian stated that the root cause of this business fraud is due to accounting scandals by falsifying expense accounts or charging items of personal consumption to the company's account [15,16].

In addition, currently, different developing nations in their financial environment face a series of crises that pressure the sustainability of business due to an ethical problem of professional accountancy. Professional made these unethical decisions due to different internal and external factors. Hence, due to the above facts, this paper was focused on identified the most important factors affecting the ethics of professional accountancy.

This study aims to examine the ethical dilemma and demographic factors in Certified Public Accountancy Firms in Ethiopia. In addition to the above general objectives, the study first examined the extent and area of conflicts of interests that are existed in professional accountancy firms, next discussed different factors that professionals are exposed to conflicts of interests and systems to solve it and finally, mean significance variations of demographic factors in exposing of ethical dilemma.

### **Prior Studies and Hypotheses Development**

Ethics is the most important ride for any professional activity. In any professional firm, ethics become blood and heart of their life professional ethics define rights, powers, duties, and responsibilities with a view to creating as coherent a structure as possible [17]. Talebian studied professional ethics in accounting and auditing [16]. The study summarized that the primary focuses of professionals must on honesty and integrity issues. The studies also asserted that professional accountancy highly depends on the necessity of ethical guidance by professional body and leaders in this profession.

Copeland studied the role of ethics and professional bodies in profession accountant firms [18]. The researcher selected a total sample size of 212 certified public accounting firms. In addition to dependant and independent variables, the investigator designed control and mediator variables. The researcher analyzed the collected data by using regression model and SPSS software. The findings showed, ethics is an important indicator of managers' success. It was also revealed that ethical professional accountants are more effective than unethical professionals.

Salaudeen et al. examined effects of professional practices on quality of financial reporting [2]. The researcher spotlighted that certified public accountants should have responsible to prepared financial statements based on professional codes of ethics. The research type is a case studies approach and the researchers raised two case studies. After a detail discussion of the case studies, the research findings showed that good corporate governance, quality financial reporting and professional ethical practices are the most important factors for the success of corporate firms.

Federation of European Accounts Surveyed on the role of ethics in the accountancy profession by exploring 730 young accountancy professionals [19]. The finding showed that ethics is important for young accountancy professionals and concluded that the profession is values-driven and this plays a role in their career decision.

M Ibidunni et al. examined the important of accounting ethics on the performance of professional firms. The study used the survey instruments and concluded that professional ethics has a significant effect on the achievement of company goals [20].

### **Ethical Dilemma in Accountancy Profession**

An ethical issue has been a growing concern in the accountancy profession. As such, both developed and developing economy has been exposed to a string of company failures, ethical laxity, auditing, and accounting scandals. Kermis & Marguerite determined that professionals who are exposed to ethical dilemmas lead them to prepare false financial statement and which shows the way of a professional failure [21]. Hence, they must be train and follow fundamental principles of honesty, integrity and reliability.

Finn et al. examined ethical problems that are confronting senior-level AICPA members (CPAs) and in order to reduce such ethical problems, the researcher determined the effectiveness of partner actions and codes of ethics [10]. The research findings revealed that the most difficult ethical problems (frequency reported) were: client interest or pressure on tax reduction, conflict of interest and independence problems, client interest to manipulate financial statements, professional problems, and fee related problems.

Soutar et al. examined the existence of ethical dilemma on decision making of employees [22]. The study used exploratory design and found that the demands of superiors were the most frequent cause of ethical conflicts. The finding also showed dealing with customers were other significance factors that affected decision making process of the organization.

Patterson studied effects of regulatory, organizational and personal factors on ethical sensitivity (Ethical dilemma) [23]. The study identified professional code of conduct serves as a minimum standard of causal factors on ethical sensitivity to the accounting profession. The study also showed in performing their responsibility, professional accountants are exposed for a situation

of ethical dilemma. This ethical dilemma was due to regulatory, organizational and personal factors.

Thorne, Massey and Jones investigated the relationship between group activities ethical reasoning of auditors. The study was focused on the Investigation of Social Influence on auditors' reasoning. The study showed that auditor's activities were influenced by argument of ethical dilemmas and it depends on the discussion that held. The study also suggested that professional judgments of an ethical nature may be tolerable even if not agreement within their discussions.

Bobek et al. examined the perceptions of ethical environment in Certified Public Accountant firms' regarding their social relationship and practices of ethical dilemmas [24]. Results indicated that professional accountancy done the social practices of their firms similarly, but those practitioners who have a social norm are advantages and as a result they have exposed to ethical dilemmas

Guiral et al could investigate the existence of ethical dilemmas in Authorized Auditors firm [25]. The study focused on the investigation of auditors' conflict of interest whether they are dishonesty or unintentional bias. The finding showed that the auditors faced conflicts of interest and decided unethical decision an unintentionally which directly or indirectly had an impact on their final decision.

### Demographic Factors and Ethical Dilemma

The professional body which gives practitioners licenses in an exacting authority can have the strongest impact on ethical decision making. Only a respective authority has the power to renew or cancel a professional license to practice. Specially, cancelation of license is applied very rarely but if they have exercised illegal, unethical and intentional biased, their professional license should be dismissed. In Ethiopia, Accounting and Audit Board of Ethiopia is a responsible body that controls activities and reports of professional accountancy. The body has the power to give and renew the license of professionals. In addition, AABE has a great power to cancel unethical professional licenses when they have done financial manipulation and unethical professional services. AABE(2015) announced that there are less number of female professionals and number of auditors in our country and have a plan to increasing those professionals for the coming years.

Professional accountants are mostly exposed for a conflict of interest for rendering professional service. Malaysian Institute Of Accountants (MIA), 2019) ascertained that ethical dilemma in professional accounting firms were existed due to conflict of interest between two or more users and different in interest between professionals and users. Satava et al. also claimed professional accounting firms have misrepresented financial information, participated in fraudulent financial deceptions, and hidden behind loopholes in the law that have been rule-based [26]. Zarei et al. studied effects of demographic factors on ethical dilemma of accounting professionals [27]. The study also explored effects of personal and professional factors on ethics of professional accountants. These unethical activities and professional dilemma could be differing from firm to firm and from professionals to professionals due to different in demographic factors of sex, age, education, qualification and experience.

A study by Shafer et al. and Jones & Hildebeitel suggested that demographic variables such as age, sex and organizational support influence professional decisions [28,29]. Ward et al.

also investigated ethical opinion, capability and commitments of professional accountancy firms and in their finding stated age, firm type, position, home based ethics education, and firm ethics practices had a significant impact on their decision making [30]. The above factor differs between male and female professionals. Likewise, a study by Augusto et al. examined the effect of demographic variables on ethical ideology and ethical judgments of profession accounting firms [31]. The finding showed that aged certified accountants were more generous than younger professionals and female professionals are followed ethical standards than men professionals. The finding summarized that gender and age were significantly affected ethical judgments of professionals.

Other studies also confirmed age is the most significant indicators of ethical attitudes among accounting professionals [32]. Even though, Jones & Kavanagh studied insignificant effect of gender on ethical decision of the firm, Ismail & Ghazali explored the ethical ideology and ethical judgments of accounting practitioners in Malaysia [33,34]. Their findings summarized gender variation and age category have a significant effect on the ethical decision but professional qualification does not affect ethical decision making. Female and older professional accountants are more ethical ideologists. Generally, the above the literature suggests that sex and age variation in professional firms are significant effect on their ethical or unethical decisions. Therefore, we forward the following hypotheses:

*H1: There were mean significance differences in Male and Female professionals in exposing of ethical dilemma*

*H2: There were mean significance differences in Age categories of professionals in exposing of ethical dilemma*

Other demographic factors that were affected ethical decision of professional firms incorporated education and qualification of professionals. Jones & Hildebeitel (1995) and Augusto et al. (2011) found that education level of professionals was significantly affected their ethical decision. Similarly, Shafer et al.(2016) examined socio-economic values, attitudes, professional commitment and ethical decisions of professional accountancy firms. The study argued that accountants who believe more about the importance of ethical decision and social accountability are played a great role in the regulations of their corporate behavior. The findings revealed that education were significantly correlated with ethical judgment. Therefore, based on the above review developed the following hypothesis:

*H3: There were mean significance differences in Education Level of professionals in exposing of ethical dilemma.*

Mohd Ghazali studied the important of a business ethics course on ethical judgments of professional accountants [35]. The findings provide that work experience and professional qualifications were significantly influenced the ethical judgment of accountants. While, Shafer et al. showed insignificant effect of experience on ethical decision of the firm. Study by Patterson also indicated a significant negative relation between personal experiences and industry environment and between personal experiences and organizational environment [23]. Jones & Kavanagh investigated different factors that affect unethical behavioral activities in professional firm or company work area [33]. The findings revealed that quality of work experience, managerial and peer influences were a significance interaction effect on ethical behavior. Study by Onome Imoniana et al. and Patterson also assured a significance effect of professional experience on control of accounting manipulations and ethical



sensitivity respectively [23,36]. Based on the above review, it was hypothesized that:

*H4: There were a mean significance differences in professional qualifications in exposing of ethical dilemma*

*H5: There were no mean significance differences in Experience of professionals in exposing of ethical dilemma*

From the above literature reviews, the researcher understood that professional ethics is a crucial task for any professional activity. Further, the study summarized determinant factors includes demographic variables that affect professional decision of the firm. These factors are directly or indirectly lead an ethical dilemma for professional accountants with respect to their ethical decision. These ethical dilemmas of professional practitioners arise due to conflicting demands or opportunities in the way of delivering service. The ethical dilemmas may be created when there is an existence of the conflicting of interests among multiple parties. As far as researcher searching knowledge, no study that was conducted in Ethiopia relate to my title. Hence, this article will give a significant input for other researchers as a reference. Therefore, this article is focused on Ethical Dilemma/conflict of interest and Demographic factors among Certified Public Accountants firms in Ethiopia.

### Research Methods and Methodology

The study applied explanatory research design, to examine the effect of independent variables (Gender, Age, Experience, Education and professional Qualification) and each mean significance difference on dependent variable (Ethical Dilemma).

### Data Collection Instruments

Primary data was collected through structured questionnaires and the questionnaires prepared with a form of fixed-response alternative questions that require the respondent to select from a predetermined set of answers to every question. The questionnaires were distributed for the Authorized accountants and auditors in firm level. The questionnaires were adapt and modified from the prior author and literature review of Soutar et al.(1994), Patterson , 2001) and F E E (2016) survey on professionals ethical behavior and prepared in the form of five item Likert-Scale type, where the lowest scale represent, Never( Disagreement on exposed for ethical dilemma) and the highest scale represent, yes; everyday(Agreement on exposed for ethical dilemma). The researcher adapted the above review instruments because designed each questions based on professional accountants code of conduct and Ethiopia professional accounting code of conduct was directly adapted from Western nations, International Federation of Accountants (IFAC) code of conduct and those researchers were prepared a standardized questionnaires.

The final questionnaire incorporated five demographic characteristics questions and 13 ethical dilemma related questions and of these seven questions were designed in 5-point likert scale. The questionnaire was distributed and collected by using data collectors. Data collectors first had taken one day training and facilitated smooth relations with each regional accounting and auditing associations. With the help of each regional accounting and auditing association, data collectors completed their task within two and half months, from October 15, 2019 to December 31, 2019.

### Population and Sample

The target populations of the study were Authorized Accountants and Authorized Auditors in Ethiopia. AABE, 2019 reported 1045 Certified public accountants, of those 902 Authorized Accountants

and 143 Authorized Auditors are found in the selected country. The sample was selected based on Yemane (1967) formula by using confidence interval of 95 % with 5 % estimated significance level:  $n = \frac{N}{1 + N(e)^2}$ , Where: N is target population  
 $n = \frac{1045}{1 + 1045(0.05)^2}$   
 $n = \frac{1045}{1 + 1045(0.0025)}$   
 $n = \frac{1045}{1 + 2.6125}$   
 $n = \frac{1045}{3.6125} = 288$  and added 10% precision  
 $n = 288 + 28.8 = 316.8 \approx 317$

So, final sample size of 317 certified public accountants were selected and allocated based on their proportion as follows:

**Table 1: Sampling Distribution**

Profession	Population	Sample size based on their proportion
Authorized Accountants	902	902/1045=273
Authorized Auditors	143	143/1045=44
	1045	317

Source, researcher own finding

Of the total, 273 Authorized Accountants and 44 Authorized Auditors were selected as a sample. The researcher applied cluster, stratified and simple random sampling techniques. The area covered nine clusters (Nine regions in Ethiopia) and each cluster has two strata. The strata were grouped based on profession which consists, Authorized Accountant, one stratum and Authorized Auditors in other stratum. Then, selected a sample based on simple random sampling techniques from each strata by applied lottery system.

Generally, Accounting and Auditing Board of Ethiopia, Professional Accountancy Association of the region and Professional Accountancy Association in Zone levels were used as guides to determined place and address of professional firms. Finally, of the total distributed questionnaires, 261 questionnaires were collected but of these, seven responses are discarded because the participants did not fulfilled accurately and incomplete the instrument relating to ethical dilemma. Responses on the seven partially completed questionnaires and non-returnable questionnaires are compared to the 254 retained questionnaires to decide the existence of any unusual uniqueness attributable to those who returned partially completed and non collectable questionnaires. No statistical differences exist between the uncollectable and retained questionnaires over the variables of interest.

The study used Ethical Dilemma (Ethical sensitivity) as dependent variable and demographic characteristics such as gender, professional qualifications, age, level of educations and experience are independent variables. The researcher analysed the collected data by using both descriptive and inferential statistical tools. Demographic variables were analysed by applying descriptive statistics such as percentage, mean and standard deviation. Inferential statistics were also used to inference the population parameter by using independent sample t test and one-way ANOVA statistics through SPSS version 23 software.

### Reliability and Validity

In order to ensure validity and reliability, the questionnaire were carefully constructed avoiding ambiguity. The questionnaires designed for the study were reviewed and commented by my guide. In order to assess the reliability and consistency of the instrument the Cronbach's Alpha was used.

### Data Analysis and Discussion

In the previous section, the investigator determined the method and tools of data collection. In this part, the study has been proceeded to describe the collected data by using different statistical methods. The study used descriptive statistics for analysing demographic factors and tests each mean significance difference of variables by applied independent sample t test and one- way ANOVA parametric test.

**Accountancy Profession:** Is a profession where accounting and auditing services are performed. Interchangeability used it as Certified Public Accountants, consists of Authorized Auditors and Authorized Accountants. Those firms are called professional accountancy firm [7].

**Authorized Auditors:** Are Professional/Public Accountants who received certificate of professional competence from AABE and authorized to provide auditing and related services to audit clients, and interchangeably used it as Certified Auditors.

**Authorized Accountants:** Are Professional /Public Accountants who received certificate of competence from AABE and authorized

to perform accounting and related services except auditing, to clients, and interchangeably used it as Certified Accountants.

**Work Experience (professional experience):** experience of professionals since started professional work in their professional firm.

**Ethical Dilemma:** Indecision and inaction due to difficulty or unpleasant choices

### 4. Data Analysis and Result

#### 4.1 Demographic characteristics

The questionnaires were distributed to Authorized Accountants and Authorized Auditors. From 317 distributed questionnaires, 254 questionnaires were collected (43 from Authorized Auditors and 211 from Authorized Accountants) giving the response rate of 82.33 per cent. This showed a good response rate in a survey instrument.

#### Respondents Profile

Demographic characteristics of respondents incorporated Gender, Professional qualifications, Age, Level of education and Work experience were presented in the following table:

**Table 2: Demographic Characteristics**

Demographic Characteristics		Responses		
		Frequency	Percentage	Cumulative
Gender	Male	221	87	87
	Female	33	13	100
	Total	254	100	100
Professional Qualification	Authorized Accountants	211	83.1	83.1
	Authorized Auditors	43	16.9	100
	Total	254	100	100
Age	29 years and below	19	7.5	7.5
	30-39 year	141	55.5	63
	40-49 year	94	37	100
	Total	254	100	100
Level of Education	College/ University Degree	204	80.3	80.3
	Masters degree	42	16.5	96.8
	Ph.D	8	3.2	100
	Total	254	100	100
Professional Experience	5 years and Less than	12	4.7	4.7
	6-10 years	15	5.9	10.6
	11-15 years	49	19.3	29.9
	16-20 years	128	50.4	80.3
	Greater than 20 years	50	19.7	100
	Total	254	100	100

Source: Survey, 2019

In table 2 above, showed the general descriptions regarding gender, Professional qualification, age, level of education and professional experience of the respondents. Of total, 87% of respondents were male and 83.1% were Authorized Accountants. This indicated, majority of respondents were male Authorized Accountants because their number is high in the study area.

Regarding the age of respondents, the highest percentage were between age of 30-39 years and next falls in the age interval of 40–49 years, 94 (37%) and 7.5% of respondents were in the age of 29 years and below. Here, the majority of the respondents were in

the age bracket of 30-39 years, which were 141 (55.5%). These indicated that, professional accountancy in Ethiopia have mostly taken a license started from the age of 30 on average because after graduating their first-degree, AABE requests five years and above experience.

In terms of the level of education, most of respondents have a bachelor degree holders 204 (80.3%), followed by master's degree 42 (16.5%) and only 8 (3.2%) of the respondents have Ph.D holders. These showed that, all of the respondents have a bachelor degree and above, so it concluded that all of the respondents had the ability to understand the objectives of the study, competent enough to their educational level and much work were expected from them, and they responded the questionnaire in a reliable way.

As regards to the professional experience, 27(10.6%) of the respondents had 10 years and below experiences, 49(19.3%) of the respondents had 11-15 years experience, 128(50.4%) of the respondent had 16-20 years of experiences and the remained 19.7% of the respondents had above 20 years of work experiences.

This implies that almost half of the respondents were experienced between 16-20 years and which in turn added value to the finding of the study. The higher number of respondents whose experience is above 10 years implies that, the experience of the Accountants and Auditors are reasonable for the attainment of accountancy objectives or for the effective and efficient performance. So, they know more about accounting ethics and ethical dilemma, and their responses are reliable.

In the next section, the researcher has been described the ethical dilemmas (professional conflict of interest) that existed in Certified Public Accountancy firms and discussed as follows:

**Area of Conflict of interest**

These types of analysis are multiple response analysis which describes respondents answer in different options that are areas of activities when they have exposed for challenges of a conflict of interest in their professional firms, it summarized by using the following table:

**Table 3: Frequencies of Area of Conflict of Interest**

Responses				
Area of conflict of interest		N	Percent	Percent of Cases
Conflict of interest related to	Presentation of financial report	171	31.7	67.3
	Receiving/giving gratification	20	3.7	7.9
	Tax mater	119	22.0	46.9
	Audit	144	26.7	56.7
	Fundamental principles	86	15.9	33.9
Total	540	100.0	212.6	

Source: Survy,2019

Multiple responses are rights of respondents to answer which area of conflict of interests are existed in their professional firms, so respondents have a right to answer more than one. Hence, table 3 above summarized the result of area of conflict of interests which are existed in a professional firm. Of total, 67.3% of respondents had experienced a conflict of interest related to presentation of financial report, 56.7% and 46.9% of professionals were exposed such conflict of interest related to audit and tax time respectively. The finding showed presentation of financial report, audit and tax matters are three most difficult areas of conflict of interest that were affected their professional activities. The cross tabulation result between professional qualification and area of conflict of interest are summarized as follows:

**Table 4: Area of Conflict of Interest**

Professional Qualification	Area of Conflict of interest								
	Presentation of FR			Tax			Audit		
	Yes	No	Total	Yes	No	Total	Yes	No	Total
Authorized Accountants	144	67	211	99	112	211	112	99	211
Authorized Auditors	27	16	43	20	23	43	32	11	43
Total	171	83	254	119	135	254	144	110	254

Source: Survey, 2019

Table 4 above indicated in presentation of financial reports; 68.3 per cent of Authorized Accountants and 62.8 per cent of Authorized Auditors were bared for such conflict of interest, in case of taxation area; 47 per cent of Authorized accountants and 46.5 per cent of Authorized Auditors were in dangers and finally in the auditing time 53 per cent of Authorized Accountants and 74.4 per cent of Authorized Auditors have done or have a chance to be done unethical activities in their professional firms.

Hence, the finding summarized mostly Authorized Auditors were exposed to professional conflict of interest at a time of making overall audit by a respective governmental authority of their clients' firms. Even if, Authorized Accountants were also exposed by the above problem, at the time of preparing/ presenting financial reports to the respective body were the most squash area to lead them to unethical behavior. These are reasons why the government and professional bodies give responsibilities to professional accountancy. OAFG (2009) stated in the ethical code of professional accountants that, the performance of Authorized Auditors and Accountants has played a great roles and impacts in tax activities of the country [6].

**Major Factors to do unethical Activities**

**Table 5: Frequencies of Major Factors to do unethical Activities**

Major Factors to do unethical Activities	Responses		Percent of Cases
	N	Percent	
Lack of willingness to follow professional ethical code	101	18.5	39.8
Clients Interest	219	40.2	86.2
Promotion of your self interest	51	9.4	20.1
Your competitor unethical engagements	98	18.0	38.6
The absence of professional conduct enforcement	76	13.9	29.9
Total	545	100.0	214.6

Source: Survey, 2019

In the above table, 39.8 per cent of respondents showed lack of willingness to follow professional ethical code of conduct is the major factor to do unethical activities, 86.2 per cent confirmed the interest of their clients, 20.1 per cent indicated promotion of their self-interest, 38.6 per cent showed competitors unethical engagements and 29.9 per cent described the absence of professional conduct enforcements. The finding summarized that interest of clients, lack of willingness to follow professional ethical code and competitors unethical engagements are the three major factors when professionals doing unethical activities in their firm.

**Resolve Mechanisms of Conflict of Interest**

**Table 6: Resolve Conflict of Interest**

Resolve conflict of Interest	Responses		Percent of Cases
	N	Percent	
By contacting your superior	68	15.3	26.8
By contacting your colleagues	95	21.4	37.4
By taking your position or interest	89	20.0	35.0
Abided by the ethical standard	137	30.9	53.9
By taking a position of your benefit	55	12.4	21.7
Total	444	100.0	174.8

Source: Survey, 2019

From the table of resolving the conflict of interest above, 26.8 per cent of professional showed resolve conflict of interest by contacting their superior, 37.4 per cent showed by contacting their colleagues, 35 per cent by taking their interest, 53.9 per cent by practicing or following the ethical standards and 21.7 per cent by taking priority to their benefit. The finding revealed that in order to minimize/ removes these professional conflict of interest, professionals mostly used check and follow the ethical standards, by contacting their colleagues and by taking their position (remuneration). The finding of the study consistence with the finding of Bukola & Augustine (2013), ethical codes of the accounting profession has a strong impact on the conduct of accountants.

**Regularities of Facing Conflict of Interests**

**Table 7: Professional Qualification and regularity of facing conflict of interests**

	Regularity of facing conflict of interest					Total
	Very Often	Just Often	Indifference	Not Often	Don't Know	
Professional Qualification	Authorized Auditor	0	12	6	14	11
	Authorized Accountant	65	65	45	35	1
Total		65	77	51	49	12

Source: Survey, 2019

The above cross tabulation result summarized the regularity of conflict of interest existed in each professional firms. Of the total selected Authorized Auditors, 27.9 per cent of Auditors were Just often faced a conflict of interest, 14 per cent indifferent, 32.6 per cent not often and 25.5 per cent don't know about it. The result showed, majority of Authorized Auditors were not exposed to a professional conflict of interest. Regarding Authorized Accountants, 30.8 per cent have faced a conflict of interest very often, 30.8 per cent just often, 21.3 per cent indifferent, 16.6 per cent not often and 0.5 per cent doesn't know about conflict of interest in their firm. So, majority of Authorized Accountants have faced a conflict of interest in their professional firm.



**Descriptive analyses for Ethical Dilemma**

**Table 8: Descriptive Statistics**

Statements	N	Min	Max	Mean	Std. Deviation
Concealing one’s errors.	254	1.00	5.00	3.6260	1.38808
Divulging confidential information	254	1.00	5.00	3.6969	1.18898
Falsifying time/quality/quantity reports.	254	1.00	5.00	3.9055	1.28496
Manipulating a situation to make a clients look bad.	254	1.00	5.00	3.5748	1.00999
Giving gifts/favors in exchange for preferential treatment.	254	1.00	5.00	3.8661	1.38520
Accepting gifts/favors in exchange for preferential treatment.	254	1.00	5.00	3.3937	1.17724
Not reporting others’ violations of firm policies and procedures.	254	1.00	5.00	4.1024	1.34743
Mean result of Ethical Dilemma	254			3.7379	.56125

**Key:** highest value (greater than 3.01)—frequent ethical dilemma, lowest value (3.00 and below)-less frequent ethical dilemma.

As indicated table 5 above, the average mean of ethical dilemma was 3.7379 which lay on frequently exposed to ethical dilemma agreement while the average standard deviation was 0.56125. The result implied that professional accountancy firms highly infected by a problem of conflict of interest. Besides, this finding also implied that professional accountancy firms regularly faced a problem of unethical decision and which affected decisions of users of their financial report.

**Hypotheses Test**

The researcher used standardized tools and assured by using reliability test of the collected data. The reliability shows a cronbach’s alpha of 0.73 which is greater than an acceptable range (greater than 0.7). Independent variables of the study were categorical data so the researcher applied independent sample t test and ANOVA parametric test. Demographic variables incorporated more than two group categories (gender and professional qualifications) and more than two group categories (age, level of education and professional/work experience). For two group categorical independent variables, used independent sample t-test and for more than two categories applied One-Way ANOVA test. So, by using this mean analysis of variance, the study hypotheses as follows:

H1: There were mean significance differences between male and female professionals in exposing of ethical dilemma.

The study proves the above hypothesis by using Levene’s test for Equality of variances and t-test for Equality of Means. In table the p-value of Levene’s test is .092” (p > 0.05), so we accept the null of Levene’s test and seen equal variance assumed row. Summarized as follows:

**Independent Samples Test**

Equal variances not assumed	Levene’s Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
ED Equal variances assumed	2.862	.092	6.898	252	.000	.66400	.09625	.47444	.85357
Equal variances not assumed			6.222	39.568	.000	.66400	.10672	.44823	.87977

**Abbreviation:** ED-Ethical Dilemma

In the above table we have seen the sign of the mean difference corresponds to the sign of the t- value and the value (6.898) is positive with P-value<0.001, indicates that the mean ethical dilemma of professionals in the first group (male) is significantly greater than the mean for the second group (female ). Additionally, we have seen confidence interval of the difference and the result shows mean difference that does not contain zero, the 95% CI is [0.4744, 0.8536], this proves with the small p-value of the significance test. So we can accept the alternative hypothesis, male and female professionals have difference scoring tendency at the 5% level.

The result also summarized, conflict of interest was existed in professional firms and male professional were exposed to such ethical dilemma. This result is consistent with previous ethics research, which reviews female professionals are more ethical ideologist and followed professional standards than male professionals.

H2: There were mean significance differences in age categories of professionals in exposing ethical dilemma.



**ANOVA**

Ethical Dilemma	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.599	2	2.299	7.686	.001
Within Groups	75.096	251	.299		
Total	79.695	253			

From the above ANOVA test, we have a significance result obtain a p-value of 0.001, which is less than 5 % of error term so we can fall to accept the null hypothesis. That age of professionals have difference scoring inclination at the 5% level. This showed not all age groups were exposed to conflict of interest and ethical dilemma in similar manner. The researchers also have seen the result of the post hoc Tukey HSD test for multiple comparisons of different age groups. The finding shows younger age groups were highly exposed for such ethical dilemma. This result was consistent with the previous ethics studies (Augusto et al 2011; Ismail & Ghazali 2011; Conroy et al 2010), which reviewed ages of professionals were significantly influenced the ethical decision of their firm. However, the finding was inconsistency with study by Jones & Kavanagh 2013), insignificant effect of gender on ethical decision of the firm.

H3: There were mean significance differences in Level of Education of professionals in exposing ethical dilemma

**ANOVA**

Ethical Dilemma	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.130	2	4.065	14.257	.000
Within Groups	71.565	251	.285		
Total	79.695	253			

In the ANOVA table above, we have a significant result. The value of F is 14.26, which reaches significance with a p-value of .00, which is less than the 5% alpha level. This means there is a statistically significant difference between the means of the different levels of the education variable. We are likely therefore to believe that there is difference in scoring tendency between professionals exposed to ethical dilemma with different levels of education. This result is consistent with the study of which reviewed levels of educations were significantly influenced the ethical decision of professionals [28,29,31].

H4: There were mean significance differences in professional qualifications in exposing of ethical dilemma.

Similar to the above independent samples test of gender, the researcher have also test for professional qualification ( only two categories) and the t test of equality of mean was  $P > 0.05$  (0.929). Additionally, the confidence interval of the difference and the mean difference that contain zero, the 95% CI is [-0.19375, 0.17687], this proves with the large p-value of the significance test. So we can accept the null hypothesis, professional qualification has the same scoring tendency at the 5% level. This result was inconsistent with the previous review of literatures (Mohd Ghazali 2015), reviewed professional qualifications were significantly influenced the ethical judgment of accountants.

H5: There were mean significance differences in experience of professionals in exposing of ethical dilemma

**ANOVA**

Ethical Dilemma	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.957	3	3.319	11.897	.000
Within Groups	69.738	250	.279		
Total	79.695	253			

From the above parametric test we obtain a p-value of 0.000, which is less than 5 % of error term so we can reject the null hypothesis. This indicates experience categories of professionals have difference scoring preference at the 5% level. This showed in all experience groups, professional were exposed to ethical dilemma in different manner. The study also checked Plot Boxplot spreadlevel, which is downward graph from less experience to high experience. The result assured less experienced professionals are highly exposed for ethical dilemma. The result is consistent with the study of (Onome Imoniana et al. 2016; Mohd Ghazali 2015; Jones & Kavanagh 2013), which reviewed work experiences were significantly influenced the ethical decision of professionals. While, the finding was incoherent with study by Shafer et al.(2016), insignificance effect of work experience on ethical decision making.

**Conclusion and Suggestion**

The overall aim of the study was mean significance difference in each demographic variable and ethical dilemma in certified public accounting firms. Hence, the researcher has been summarized the following major findings:

In respondent’s characteristics, majority of them were mature, experienced and educated men certified public accountants. They were participated in unethical activities in their professional firm knowingly or unintentionally due to the existence of frequent professional conflict of interest. Authorized Auditors are exposed to the ethical dilemma at a time of making overall audit by a respective governmental authority of their clients’ firms. Even if, Authorized Accountants are also exposed by the above problem, at

the time of preparing/ presenting financial reports to the respective body is the most squashed area to lead them to unethical behavior. The major factors to expose themselves in such unethical activities are interest of clients, lack of willingness to follow professional ethical code and competitors unethical engagements. In order to minimize those professional conflicts of interests, professionals mostly used check and follow the ethical standards, by contacting their colleagues and by taking their position (remuneration). Moreover, the finding claimed that gender, age, experience and level of education of professionals were mean significance difference in exposing of ethical dilemma. This study tried to assess mean significance difference and ethical dilemma using a self-administrative questionnaire these are directly related to their practical job, which is subject to professional desirability biases from participants towards which they assumed good response even though; I tried to overcome by selected data collectors from non-licensed accounting professionals. Additional limitation of the study was the high proportion of authorized accountants.

Therefore, the study suggested that in every professional activity, they must be followed by code of professional ethics approved by their respective professional bodies and professionals should update themselves about rules, regulations and accounting code of conducts by taking continuous training. Hence, in their professional firms, they should be first focused on ethical code of conduct otherwise they will be exposed by conflict of interest and each affect their professional decisions.

Other future research concerns include determining how each demographic factor positively/ negatively affected professional decision making (ethical dilemma). Additionally, other researchers shall conduct further study with different approach (Interview) and by including other variables such as political and social factors for further exploration of professional ethical dilemma. Finally, I would like to express my special thanks to Ethiopia Ministry of Science and Higher Education for provided a financial support and awarded my Ph.D.

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