

The model of factors affecting the auditor's professional ethics with emphasis on the role of reducing tax evasion

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Abstract

This study presented the model of factors affecting the auditor's professional ethics, emphasizing the role of reducing tax evasion. This applied, descriptive-analytical study was conducted using the exploratory mixed method on audit tax experts, including professors and teachers of accounting and finance in universities and educational institutions, senior students of accounting and finance, tax managers in departments and institutions, and managers, taxpayers, and tax employees in the country. The data were analyzed via the Delphi method. This research sought to determine the model of auditors' professional ethics factors that affect the reduction of tax evasion. The model was presented in four areas: professional ethics causal factors, professional ethics field factors, professional ethics structural factors, and professional ethics strategies, along with their respective subsections.

Keywords: professional ethics, auditor, tax evasion, economic enterprises
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1 Introduction

Professional ethics is one of the crucial factors that has garnered attention from planners and managers of governmental and private organizations today. Today's advanced economic world cannot exist without accounting due to the necessity of contemporary economic enterprises. The accounting profession's distinguishing feature is accepting responsibility towards the public. Society has high expectations of professionals in this field, and people should trust the quality of the auditing profession's complex services. Tax evasion leads to inadequate fair income distribution and wealth accumulation for specific groups, resulting in societal disparities. Generally speaking, tax evasion reduces government tax revenues and disrupts budgeting, as it is a barrier to achieving governmental objectives [9].

The issue of ethics and adherence to professional ethics is a serious and noteworthy topic in accounting and auditing. Hence, a person's ethics are the first aspect they manifest in society, alongside their interests and motivations necessary for human existence, which can sometimes lead to societal improvements. This matter also applies to professions, and the ethics of accounting is a significant issue directly affecting the honesty and credibility of accountants in garnering public trust. In particular, inadequate ethical education can lead to fraudulent activities [6]. The Ministry of Economic

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Affairs and Finance should focus not only on identifying financial resources, determining optimal tax payments, and addressing issues such as tax liability or exemption, but also on seeking ways to enhance the efficiency of the country's tax system by accurately, quickly, and cost-effectively collecting taxes and minimizing misuse. Calculating the ratio of direct revenue collection costs to government income provides insight into the high cost of tax collection in the Iranian economy, making it imperative to minimize such costs [9].

Furthermore, the issue of ethics and adherence to professional ethics among auditors in organizations is a serious and noteworthy topic in accounting, directly impacting auditors' honesty and capability to gain public trust. Inadequate ethical education can lead to fraudulent activities in the taxation domain [5].

Governments' significant social and economic issues, such as budget deficits, unemployment dilemmas, and reduced investment in productive sectors, can be overcome by levying fair and realistic taxes. In other words, the increase and diversification of economic activities on the one hand and the growing role of governments on the other hand in creating and expanding public services, social security, and increasing government commitments in economic and social spheres, along with efforts towards achieving economic growth and equitable income distribution, have turned tax payment and collection into significant and influential matters. In summary, governments can cover a considerable portion of their various expenses by utilizing taxes and allocating resources according to their desired priorities based on their tax revenues. Tax revenues play a crucial role in various income sources, and governments' reliance on such revenues speaks to the economy's health. Given the importance of the ethical and auditing domains discussed and their impact on tax evasion, the present study aims to present a model of the effective factors of auditors' professional ethics in reducing tax evasion.

In other words, this article is intended to answer questions that align with our article's primary objective. These questions include:

- What are the models of professional ethics factors affecting the reduction of tax evasion in auditing?
- What are the external factors affecting professional ethics in auditing?
- What are the contextual factors affecting professional ethics in auditing?
- What are the structural factors affecting professional ethics in auditing?
- What are the strategies and tactics of professional ethics in auditing?
- What are the consequences and results of professional ethics in auditing?

2 Theoretical foundations of the research

2.1 Professional ethics

Professional ethics refers to work and business ethics as a broad cognitive domain with diverse orientations and one of the main branches of ethics science. In addition, professional ethics is a fundamental issue for all human societies; every society needs it to define and promote characteristics such as commitment to work, participation and trust, and interaction. Today, many countries have reached this intellectual maturity that ignoring ethical issues and avoiding social responsibilities and commitments leads to the disappearance of institutions and organizations. Therefore, many successful institutions and organizations should formulate an ethical strategy, believe that an ethical culture should be established, and endeavour to give special attention to research on professional ethics [5].

2.2 Professional ethics in accounting

The current economic system cannot function without accounting in today's advanced economic world. The distinguishing feature of the accounting profession is accepting responsibility towards the public. Society has high expectations of professionals in this field, and people should trust the quality of the complex services provided by the accounting profession. Therefore, accountants' information must be effective, reliable, accurate, and impartial. Hence, accountants should have the qualifications and professional competence and possess a high degree of honesty and integrity, and professional honesty and integrity should be one of their essential assets [5].

2.3 Ineffective audit behaviors

Professional ethics is one of the fundamental issues of all human societies. Currently, society pays less attention to professional ethics in the workplace. While in the secular West, there is a branch called professional ethics in management and organization-related disciplines, in Iran's religious society, insufficient attention has been paid to ethics in management. Iran's society needs to define and promote ethical characteristics such as commitment to work, spirit of participation and trust, and interaction with each other. Today, many countries in the industrialized world have reached a level of maturity where ignoring ethical issues and escaping from social responsibilities leads to the institution's destruction. For this reason, many successful companies need to develop an ethical strategy and believe that an ethical culture must be established in the organization. Professional care refers to accountants performing audit operations with precision and skill in compliance with all audit standards and professional conduct rules. An official accountant should act consistently with their reputation and avoid actions that tarnish their profession. Success in organizations and auditing institutions largely depends on human resources' spirit, effort, and motivation, which is impossible unless the reasons for behavior, individuals' inclination to work, and the nature of behavior for guiding towards achieving specific goals are identified. Auditors' deficiencies in performing the correct audit steps can be attributed to ineffective audit behaviors. Ineffective audit behaviors, resulting from auditors' behavior during the audit period, reduce efficiency in collecting audit evidence, which affects the audit's quality and undermines the profession's credibility.

Upon receiving the costs of providing audit and non-audit services and financial services, auditors will proceed to provide services to their clients. Nevertheless, they are expected to express their opinions impartially regarding financial statements. The risks arising from deficiencies in documentation, the confidentiality of beneficiaries' litigation, and building trust with clients continuously or continuously in the auditing process are highly hazardous, and executing them requires highly skilled and judgmental professionalism. Suppose the auditor issues their performance report correctly and honestly and pays attention to it in their auditing process, legally, without any compromise, complacency, or fear of losing their reputation and credibility commensurate with the volume of commitments entrusted to them as auditors. In that case, they can strategically make appropriate decisions to fulfil their responsibilities because management employs an auditor to control the company's performance by accepted auditing standards. Simultaneously, auditors are obliged to consider the welfare of these groups and safeguard their interests throughout the auditing process.

When auditors perform their duties independently as part of auditing operations, they establish or increase public confidence in the community and stakeholders. Therefore, the assigned responsibilities for auditors are transparent and capable of building trust.

2.4 Tax evasion

Any unlawful effort to avoid paying taxes, such as withholding necessary information about incomes and taxable benefits from authorities, is considered tax evasion. The definition of tax evasion is the same for all types of taxes. The primary goal of tax evasion is to engage in illegal activities by avoiding tax payments. Tax evasion is a form of fraud, specifically against a governmental economic institution. The government determines the structure and level of taxes and considers the necessary monitoring and collection mechanisms. Tax evasion can be carried out in the following ways:

Failure to declare taxable income or transactions in tax returns and declarations, overstatement of deductible expenses, abstention from submitting speculative transaction declarations, or reducing the tax liability amount by resorting to false statements or presenting misleading issues are against the law and constitute elements of tax evasion. The distinction between tax evasion and legal loopholes for tax evasion is that tax evasion seeks to avoid paying taxes [4].

Tax evasion is an inevitable reality that will adversely affect countries' economies. This report refers to five consequences of tax evasion. One: reduced government revenues and its ability to provide public goods and services such as health, education, security, energy, construction, and road development. Two: inappropriate distribution of revenues and an increase in class disparity in society. Three: neutralizing government control and monitoring tools in achieving economic growth and development, weakening economic growth, and decreasing public welfare. Four: weakening the economic security necessary for expanding economic activities and investments. Five: creating a tax gap, making the tax system inefficient, and reducing citizens' willingness to pay taxes. Given these consequences, combating the problem of tax evasion to improve the national economy is necessary and inevitable. This report adds: Until the structural problems of the country's economy and business environment, which are the grounds for tax evasion, are examined and corrected, it cannot be expected to increase tax revenues and reduce the budget's dependence on oil

revenues. In general, replacing tax revenues with oil revenues and precise planning to create sustainable tax revenues are considered indispensable for the country; achieving this requires not only creating infrastructures and improving the country's tax system but also closing all avenues of tax evasion in the Iranian economy [9].

The reasons motivating tax reform and measures to prevent tax evasion in various countries have been various issues that, despite encompassing a wide range of different cases, can be categorized into four main areas:

1. Addressing deficiencies in traditional tax systems.
2. Creating revenue sources to meet increasing government expenditures.
3. Establishing a tax system proportional to regional contract performance.
4. Restructuring the tax system due to its inconsistency with economic development trends.

Although some countries have raised concerns about accepting various types of taxes due to their unknown nature, the number of countries using innovative tax collection methods has significantly increased. Generally, in various examinations regarding tax theory, economic stakeholders have scrutinized taxes from three different perspectives:

- A. Structural-economic-social tax issues, related problems, and methods of dealing with these issues.
- B. Taxes affect economic variables from both micro and macro perspectives.
- C. Different tax implementation variations in different countries, and the use of experiences gained to improve the structure of this tax method.

3 Research background

Mayer et al. [8] investigated the relationship between individual ethical philosophy and tax evasion attitudes. In this study, the accounting profession has experienced numerous scandals in the past, affecting the ethical character of accountants. Many decisions made by accountants and managers are influenced by their ethical values. Tax evasion, an unethical phenomenon, is a concern in today's accounting community. The research results showed that individual ethical philosophy influences accountants' attitudes toward tax evasion, such that there is a significant positive relationship between relativism and tax evasion attitudes, but no significant relationship was found between idealism and tax evasion attitudes. Additionally, control variables such as education level, gender, and type of employment in the private or public sector did not affect tax evasion attitudes.

Armstrong et al. [2] examined the relationship between financial corruption and tax evasion and stated that companies with higher levels of corruption may also engage in more tax evasion. This research used Chen et al.'s [4] method to calculate financial corruption and the difference between pre-tax and taxable profits to measure tax evasion. The findings indicated a significant positive relationship between financial corruption and tax evasion. These findings can help users explain the relationship between the above variables.

Karimi Patanlar and Khatibi [7] explored the effect of value-added tax on the stability of the public sector economy in Iran (with an emphasis on improving tax ethics and culture). The results of the research pattern estimation suggest that value-added tax, by reducing fluctuations in tax revenues and budget deficits in Iran, is effective and beneficial in providing stability in the country's public sector economy. This leads to the consolidation and expansion of public sector activities, achieving greater welfare for the general population and improving tax ethics and culture in the country.

Ahmadi et al. [1] evaluated models of tax evasion from neoclassical economics to behavioral economics: a hierarchical analysis approach in the Iranian economy. They stated that taxes are the most critical source of government income and a policy tool in development policymaking. The results indicate that instability of preferences, loss aversion, and ambiguity aversion are among the primary influential factors in tax evasion. Additionally, the rational behavioral assumption and behavioral adaptation have the least explanatory power for tax evasion in Iran. Based on the findings, there is a need to reform the paradigm towards behavioral economic models in analyzing and assessing tax evasion in Iran.

Behshour and Ahmadi [3] investigated the relationship between audit quality and tax evasion. Tax is one of the most fundamental financial resources for most countries, directly or indirectly imposed on incomes, and is a means of government funding. The issue in determining the amount of individual taxation lies in the existence of accounting standards and laws, which lead to differences in taxable and definite taxable profits. Audit quality may reduce some differences between reported and definite taxable profits and ultimately impact tax evasion. The research sample includes 113 companies over the period from 2013 to 2018. Simple and cumulative regression analysis results suggest that audit quality has a significant and negative relationship with tax evasion.

4 Method

Generally, research methods can be divided based on two criteria: a) research purpose and b) data collection method. Accordingly, the present research is classified as "applied" in terms of purpose and "descriptive-analytical" in the data collection method and is of a mixed exploratory type. The mixed exploratory research design is one of the types of scientific research used to provide a model for representing the phenomenon under study. This method can be used in scientific research aimed at designing a model. The statistical population in the qualitative section included experts in the field of taxation and auditing, including university professors and lecturers in accounting and finance at universities and educational institutions, final semester accounting and finance students, and tax managers with over ten years of work experience. In the quantitative section, the sample consisted of managers, auditors, and financial staff in the country. In the qualitative section, information is obtained from library studies and interviews. Data collection in research fundamentals and literature is based on library sources, articles, books, journals, and the internet. For data collection in the quantitative section, interviews with experts were used to prepare questionnaire questions from the sources obtained in the Delphi section and theoretical foundations, as well as the opinions of supervisors, consultants, and tax experts. Kendall's coefficient can be used to determine the degree of consensus. Kendall's coefficient is a scale for determining the degree of agreement and agreement between several sets of ranks related to n phenomena. This scale indicates the correlation of ranks between m sets of ranks. The formula for calculating Kendall's coefficient is as follows:

$$W = \frac{12S}{m^2(n^3 - n)} \quad (4.1)$$

$$S = \sum_{i=1}^n (R_i - \bar{R})^2 \quad (4.2)$$

In fundamental theory development, data integration holds significant importance. In open coding, the analyst focuses on eliciting concepts and their attributes and then endeavors to determine how these concepts change over specified dimensions. In axial coding, concepts are systematically refined and linked with sub-concepts. Selective coding and presenting a paradigmatic research model are undertaken in the third coding stage. This stage establishes relationships between the categories produced in the open coding stage. The relationship of other categories with the axial category can be realized in five aspects: causal conditions, central phenomenon, strategies and actions, contextual conditions, and consequences. The present study examines intervention and consequence on two axes.

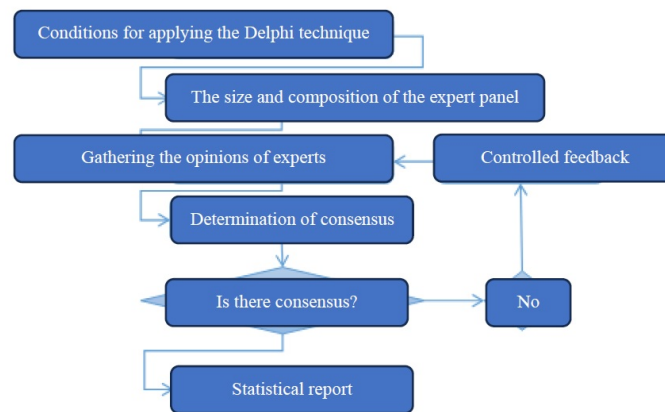


Figure 1: Delphi theory framework

5 Findings

The Delphi method is one of the data collection methods with a predictive nature. In other words, the Delphi method is employed for research where precise information on the fundamental aspects of the research is lacking. Therefore, experts on the issue and research are utilized to reach consensus and conclusions. This method involves multiple stages, and the accuracy of the final information in this approach depends entirely on the experts' expertise in the subject matter and research. After completing the Delphi analysis stages, the obtained results are as follows:

Table 1 provides a summary of the research statistical process.

Table 1: Summary of the statistical process

Questionnaire	Number of indicators	Respondents	Number	The purpose of the submission	Result
First	28 indicators	experts	35	Delete, combine, and modify the index	Categorizing, adjusting, and summarizing the factors into 24 items
Second	24 indicators	experts	35	Adjustment, prioritization, and index classification	Minor corrections in the description of some indicators
Third	24 indicators	experts	35	Reviewing the indicators for final approval	Questionnaire formation
Fourth	24 indicators	Sample	140	Determining the importance of factors and commenting on the classification of factors	Structural equation test

At this stage, the subjects and the subject area of the primary research tool were identified using the document analysis method on domestic and international audit and tax models and research (Table 2):

Table 2: Factors of auditor's professional ethics affecting the reduction of tax evasion

Casual factors of professional ethics	Structural factors of professional ethics
Individual values	Legal requirements
Accountability	Competition in the audit market
Integrity	Psychological pressure on auditors' work
Religious attitudes	Audit time budget
Excessive trust	Employer credibility and reputation
Professional competence	Complexity of information
Impartiality	Corporate governance systems
Ethical background factor	Ethical strategies and approaches
Auditor's fee	Improve relationships, enhance mutual understanding, and reduce conflicts
Auditor credibility	Modern financial leadership styles
Nature of organizational activities	Increased Commitment and Accountability Among Employees
Auditor qualifications	Realism
Service quality	Adherence to Honesty and Integrity Principles
Coherence and unity of procedures	Enhancement of Organizational Legitimacy and Actions
Technical skills	Effectiveness Through a Set of Ethical Values

In this research, the Delphi method was conducted in a total of 3 rounds, and the findings of each round are presented separately in this section.

Results of the first round of the Delphi method:

The questionnaire for the first round of Delphi, consisting of two sections, was delivered to 35 panel members. Follow-up to receive their responses commenced in the seventh week after distribution. Accordingly, each member was contacted by phone three times on average. Thus, 35 questionnaires were received. In the questionnaire of the first round of Delphi, a list of ethical factors affecting the reduction of tax evasion, extracted from previous studies and theoretical foundations, was presented. In this section, the respondent was required to indicate their opinion on the impact of each ethical factor on reducing tax evasion by selecting one of the available options. These options were presented in the form of a Likert spectrum and included "Very low impact: 1", "Low impact: 2", "Moderate impact: 3", "High impact: 4", and "Very high impact: 5". Additionally, this questionnaire had another section where respondents could express their opinions and suggestions regarding each component and index. Table 3 presents the results related to the first section of the questionnaire of the first round of Delphi, including items such as the number of responses for each option, the average responses, their standard deviation, Kendall's coefficient, the importance ranking of each factor based on Kendall's coefficient, the average responses, and the percentage of members who determined the ranking of each factor similar to the group ranking.

Table 3: Factors of auditor's professional ethics affecting the reduction of tax evasion - the first round of Delphi

Description of the factor	Number of answers	Average answers	The standard deviation of responses	Kendall	order of importance
1. Casual factors of professional ethics					
Impartiality	35	4.24	0.812	2.28	3
Religious attitudes	35	4.39	0.728	2.44	7
Individual values	35	4.44	0.729	2.48	6
Accountability	35	4.19	0.808	2.07	1
Integrity	35	4.29	0.716	2.34	4
Excessive trust	35	4.36	0.774	2.39	5
Professional competence	35	4.21	0.735	2.16	2
2. Contextual factors of professional ethics					
Audit fee	35	4.34	0.656	2.39	4
Audit credibility	35	4.13	0.712	2.16	1
Nature of organizational activities	35	4.26	0.816	1.32	3
Auditor qualifications	35	4.38	0.748	2.49	6
Service quality	35	4.41	0.726	2.52	7
Coherence and unity of procedures	35	4.35	0.698	2.41	5
Technical skills	35	4.21	0.637	1.27	2
3. Structural factors of professional ethics					
Complexity of information	35	4.13	0.715	2.15	3
Corporate governance systems	35	4.18	0.724	2.23	4
Employer credibility and reputation	35	4.31	0.839	2.41	7
Legal requirements	35	4.01	0.742	2.07	1
Competition in the audit market	35	4.22	0.626	2.29	5
Psychological pressure on auditors' work	35	4.09	0.748	2.12	2
Auditor's time budget	35	4.28	0.664	2.37	6
4. Strategies and strategies of professional ethics					
Improve relationships, enhance mutual understanding, and reduce conflicts	35	4.16	0.825	2.23	2
Modern financial leadership styles	35	4.24	0.641	2.27	3
Increased commitment and accountability among employees	35	4.39	0.932	2.31	4
Realism	35	4.58	0.816	2.41	6
Adherence to honesty and integrity principles	35	4.12	0.849	2.16	1
Enhancement of organizational legitimacy and actions	35	4.44	0.711	2.36	5
Effectiveness through a set of ethical values	35	4.59	0.756	2.44	7

Results of the Second Round of the Delphi Method:

The second-round questionnaire was delivered in person and via email to 35-panel members, and follow-up for receiving their responses began four days after distribution. The table below presents the results of the second round of the Delphi method, including aspects such as the number of responses for each item, the average responses, their standard deviation, Kendall's coefficient, the order of importance of each factor based on average responses, and the percentage of members who have determined the order of each factor like group composition.

Table 4: Factors of auditor's professional ethics affecting the reduction of tax evasion - the second round of Delphi

Description of the factor	Number of answers	Average answers	The standard deviation of responses	Kendall	order of importance
1. Casual factors of professional ethics					
Impartiality	35	4.24	0.512	2.26	3
Individual values	35	4.13	0.735	2.36	6
Accountability	35	4.63	0.696	2.23	1
Integrity	35	4.19	0.814	2.31	4
Excessive trust	35	4.26	0.748	2.35	5
Professional competence	35	4.21	0.685	2.26	2
2. Contextual factors of professional ethics					
Audit fee	35	4.32	0.519	2.38	4
Audit credibility	35	4.46	0.795	1.29	1
Nature of organizational activities	35	4.34	0.468	1.35	3
Auditor qualifications	35	4.16	0.725	2.46	6
Coherence and unity of procedures	35	4.29	0.711	2.41	5
Technical skills	35	4.38	0.684	1.32	2
3. Structural factors of professional ethics					

Complexity of information	35	4.18	0.636	2.43	3
Corporate governance systems	35	4.29	0.569	2.52	4
Legal requirements	35	4.11	0.724	2.32	1
Competition in the audit market	35	4.34	0.448	2.60	5
Psychological pressure on auditors' work	35	4.16	0.693	2.38	2
Auditor's time budget	35	4.41	0.518	2.72	6
4. Strategies and strategies of professional ethics					
Improve relationships, enhance mutual understanding, and reduce conflicts	35	4.05	0.863	2.29	2
Modern financial leadership styles	35	4.13	0.629	2.36	3
Increased commitment and accountability among employees	35	4.32	0.528	2.41	4
Realism	35	4.00	0.931	2.49	6
Adherence to honesty and integrity principles	35	4.23	0.729	2.16	1
Enhancement of organizational legitimacy and actions	35	4.46	0.646	2.48	5

Results of the third round of the Delphi method:

The questionnaire for the third round was delivered in person and via email to 35 panel members, and follow-up for receiving their responses commenced four days after distribution. Accordingly, each member was contacted on average three times by telephone and once via email. In this manner, 35 questionnaires were received. Table 5 indicates the results of the third round of the Delphi method, including aspects such as the number of responses for each item, the average responses, their standard deviation, Kendall's coefficient, the order of importance of each factor based on the average responses, and the percentage of members who have determined the order of each factor as in the group combination.

Table 5: Factors of auditor's professional ethics affecting the reduction of tax evasion - the third round of Delphi

Description of the factor	Number of answers	Average answers	The standard deviation of responses	Kendall	order of importance
1. Casual factors of professional ethics					
Impartiality	35	4.19	0.636	2.27	3
Individual values	35	4.06	0.745	2.34	6
Accountability	35	4.38	0.662	2.19	1
Integrity	35	4.47	0.713	2.29	4
Excessive trust	35	4.25	0.696	2.31	5
Professional competence	35	4.53	0.673	2.23	2
2. Contextual factors of professional ethics					
Audit fee	35	4.39	0.562	2.29	4
Audit credibility	35	4.03	0.729	1.18	1
Nature of organizational activities	35	4.51	0.826	1.26	3
Auditor qualifications	35	4.14	0.795	2.37	6
Coherence and unity of procedures	35	4.56	0.663	2.33	5
Technical skills	35	4.40	0.847	1.20	2
3. Structural factors of professional ethics					
Complexity of information	35	4.34	0.616	2.36	3
Corporate governance systems	35	4.06	0.618	2.41	4
Legal requirements	35	4.15	0.533	2.31	1
Competition in the audit market	35	4.32	0.785	2.45	5
Psychological pressure on auditors' work	35	4.03	0.639	2.33	2
Auditor's time budget	35	4.48	0.841	2.51	6
4. Strategies and strategies of professional ethics					
Improve relationships, enhance mutual understanding, and reduce conflicts	35	4.11	0.729	2.21	2
Modern financial leadership styles	35	4.28	0.833	2.26	3
Increased commitment and accountability among employees	35	4.29	0.748	2.31	4
Realism	35	4.41	0.792	2.41	6
Adherence to honesty and integrity principles	35	4.23	0.658	2.18	1
Enhancement of organizational legitimacy and actions	35	4.09	0.531	2.35	5

As observed in Table 5, the results of the Delphi method's second and third rounds are identical, and there is no need for a new round. Kolmogorov-Smirnov Test for the Component of Professional Ethics Factors:

H_0 : Data is normal (data comes from a normal population).

H_1 : Data is not normal (data does not come from a normal population).

If the significance level exceeds the error level (0.05), the null hypothesis is accepted, and if it is less than the error level (0.05), the alternative hypothesis is accepted.

Table 6: Results of the Kolmogorov-Smirnov Test for the Component of Professional Ethics Factors.

Variable	Significance	Error	Hypothesis confirmation	Result
Causal factors of professional ethics	0.362	0.05	H0	Normal
Contextual factors of professional ethics	0.149	0.05	H0	Normal
Structural factors of professional ethics	0.295	0.05	H0	Normal
Strategies and strategies, professional ethics	0.388	0.05	H0	Normal

The significant level value is greater than the error value (0.05). Therefore, the null hypothesis is confirmed, i.e., all the factors of morality are normal words. Finally, the outputs of the model run by PLS software are displayed (Figs. 2 and 3).

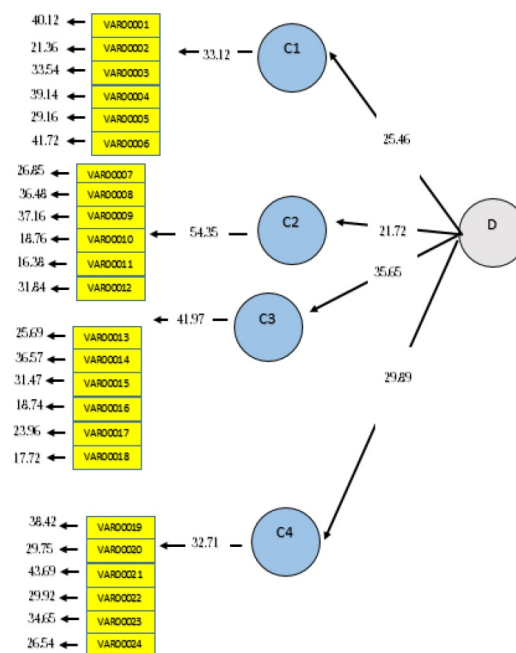


Figure 2: Structural equations of the final model

6 Discussion and conclusion

Today, individual, social, and professional ethics have garnered significant attention for two reasons. Firstly, ethical behavior plays a significant role in maintaining the competitiveness of civil society, and secondly, there are numerous instances of unethical behavior. Like other professions, auditing needs to gain public trust to maintain its position. What society expects from the auditing profession is the provision of high-quality audit reports. One of the key factors in the quality of auditing is adherence to ethical principles. The fundamental pillar of the auditing profession is judgment, and achieving correct and appropriate judgment requires impartiality, which is a critical component. Impartiality in auditing is one dimension of professional skepticism, and auditing standards emphasize this aspect of professional skepticism. As highlighted in auditing literature, auditors evaluate the underlying evidence of financial statements impartially to form an opinion. Therefore, the ethical characteristics of an auditor in handling and evaluating evidence can impact their conclusions.

Since the function of auditing in society is to ensure that companies' financial reports reflect an accurate and fair view of their performance, various groups benefit from this function. Auditors should possess suitable professional and ethical qualifications to ensure the public of their impartiality to perform this function properly and adequately. Normative ethics addresses what is morally right and wrong and includes ethical prescriptions and theories such as integrity, avoiding bias, and maintaining client confidentiality. The principle of integrity obliges all accountants and

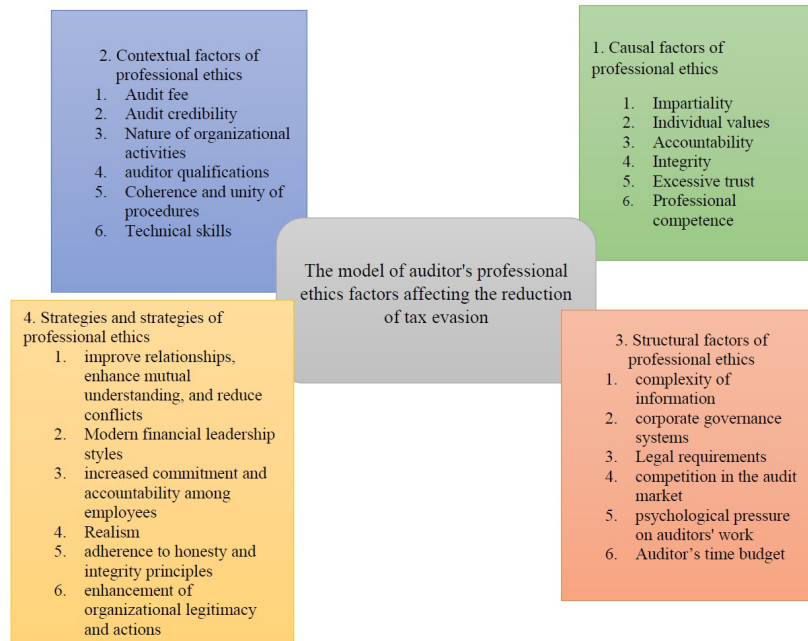


Figure 3: The final model of the research

professional auditors to be honest and transparent in all professional and business relationships. Avoiding bias aligns with preserving the auditor's impartiality, and client confidentiality is based on the principle that information related to the client or employer should always be considered confidential and should not be disclosed unless authorized by the client or employer or required by law or professional obligations. Ethical reports resulting from unethical incidents within organizations are considered an internal control mechanism and are used as tools to maintain an effective control environment within companies. Consequently, the accounting and auditing profession and legislative bodies have strived to make this an essential part of organizational culture.

According to the final research model, stating fundamental ethical principles and professional conduct in publications, drafting and approving regulations and bylaws, while necessary and valuable, will not have significant effects without developing and implementing long-term programs to raise accountants' awareness in this area and promote a culture of ethical and professional conduct. Developing and implementing educational programs is also essential, but alone cannot ensure the organization of affairs. Professional accounting communities, institutions, and accountants need comprehensive efforts and actions at three levels: establishing, educating, and enforcing rules. The following suggestions are made in this regard. The relationship between general and professional ethics and instances where violations of general ethics can lead to the violation of professional competence should also be included in the code of conduct and disciplinary regulations. Professional accountants, like other individuals in society, may commit violations and crimes that, under applicable laws and regulations, are subject to judicial prosecution. The competent judicial authorities will issue a conviction if a crime or violation is proven. According to the law and the court's ruling, some violations and crimes have collateral consequences that can result in being barred from certain professions. However, some violations and crimes do not carry such collateral consequences. Nevertheless, committing some crimes and violations can undermine or seriously damage the conditions for obtaining official accounting qualifications, necessitating appropriate disciplinary action.

Recommendations

Based on the final model depicted in this study, planning and improving each influencing factor is necessary. Therefore, the following recommendations are made:

Psychological pressure on employees can be reduced by reducing the complexity levels of accounting information through optimal control processes at various reporting levels, and ethical strategies within the organization can be promoted. Establishing a special officer in each department to foster a climate of understanding and reduce financial conflicts can enhance the organization's performance. The special officer should coordinate the progress of policies and procedures to institutionalize ethical values in the workplace. This person is directly responsible for resolving

ethical dilemmas by interpreting policies and procedures. Based on the findings, the following suggestions are made. The organization's CEO should possess the characteristic of responsibility and support for internal affairs. When the CEO is not entirely supportive of the program, employees are noticed, and this apparent hypocrisy may create such cynicism that the organization's condition worsens when there is no formal ethics program. Therefore, the CEO should strive to develop and implement the program and, more importantly, constantly be concerned with leading the organization ethically and accept responsibility when a mistake occurs. Establishing an ethics committee at the board level to reduce ethical conflicts in executive duties and oversee the progress and implementation of ethics management programs. Designing ethical tools: Ethical tools include codes of ethics, codes of conduct, policies and procedures, methods for resolving ethical dilemmas, and training.

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