THE ACCOUNTANT’S ETHICAL CODE OF CONDUCT AND MORAL REASONING FROM AN ISLAMIC ENVIRONMENT: CASE IN YEMEN

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By

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ABSTRACT

An ethical code of conduct is developed to guide behaviors of members in or of organizations. Accountants, in this context, are not an exception. The availability of such ethical code of conduct is extremely important for both accountants and users of accounting information. However, currently in Yemen, there is no ethical code of conduct for Yemeni professional accountants. It is also equally important to know how Yemeni professional accountants perceive prescriptively and deliberatively on issues related to the ethical code of conduct. Hence, two phases of study were carried out to tap the issues. The first phase was sought to address the question of what constitutes the ethical code of conduct among Yemeni professional accountants. Data were collected from 386 users of accounting information in Yemen. The study employed interdependency analysis to reveal and confirm the domain of the accountants’ ethical code of conduct. Results show that the ethical code of conduct consists of several ethical constructs. The second phase of the study was to know to what extent Yemeni professional accountants behave ethically at work. This is important because Islam emphasizes consistency between thought and action. Data were collected from 138 professional accountants in four main cities of Yemen i.e. Sana’a, Hadhramout, Taiz, and Aden. Results showed that Yemeni professional accountants exhibit higher level of moral reasoning beyond the conventional level. The findings of this study contribute to the body of knowledge by providing an Islamic perspective to the ethical issues which has similarities and differences vis-a-vis the Western perspective.

Keywords: Ethical Code of Conduct, Moral Reasoning, Professional Accountants, Islamic Perspective, Yemen
ABSTRAK


Kata kunci: Nilai Etika, Pembangunan Moral, Akauntan Profesional, Perspektif Islam, Yaman
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<tr>
<td>A-DIT</td>
<td>Accounting-specific Defining Issues Test</td>
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<td>AAOGC</td>
<td>Accounting and Auditing Organization for Gulf Countries</td>
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<td>AICPA</td>
<td>American Institute of Certified Public Accountants</td>
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<td>AMOS</td>
<td>Analysis of Moment Structures</td>
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<td>HKICPA</td>
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<td>ICAEW</td>
<td>Institute of Chartered Accountants in England and Wales</td>
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<td>ICAO</td>
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<td>IFAC</td>
<td>International Federation of Accountants</td>
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<td>JICPA</td>
<td>Jordan Institute for Certified Public Accountants</td>
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<td>MIA</td>
<td>Malaysian Institute for Accountants</td>
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<td>MJI</td>
<td>Moral Judgment Interview</td>
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<td>SMAC</td>
<td>Society of Management Accountants of Canada</td>
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<td>SOCPA</td>
<td>Saudi Organization for Certified Public Accountants</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>US</td>
<td>United States</td>
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<td>YACPA</td>
<td>Yemeni Association for Certified Public Accountants</td>
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CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND

Researchers have found that accountants operate within a world of change in which corporate collapses, business impropriety, regulatory failure and environmental disasters are prevalent. It is said that professional accountants were partly responsible in the collapse of several companies in the world such as Enron, WorldCom, Global Crossing in the United States, Parmalat in Italy, One-Tel in Australia, Almanakhah Market in Kuwait, and the Yemeni National Commercial Bank in Yemen for not performing their role accordingly in detecting mistakes and frauds, and making sure that financial information is prepared according to the accounting and moral/ethical standards (Martin, 2007). For example, when the Yemeni National Commercial Bank in Yemen collapsed at the end of 2005 severely affecting private and public sectors, many investors from various countries such as the Arab Gulf countries, Japan, China, United States (US), and United Kingdom (UK) began to have doubts on the efficiency and integrity of the Yemeni government in protecting the country’s economy (Al-Ariqi, 2007). When this happened, investors tended to shy away from Yemen and this had a domino effect on the development of the country (Almaory, 2008).

When big corporations and firms collapse, this raises issues of the culture of integrity, morality and ethics in the organization (Kulik, O’Fallon, & Salimath, 2008; Mintchik & Farmer, 2009). While at the organizational level, the lack of appropriate culture may be one factor, at the individual level, lack of Islamic values amongst professional
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REFERENCES


