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## **Addis Ababa University College of Business and Economics Department of Accounting and Finance**

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### **The Role of Ethical Practices in Accounting in enhancing Public Trust and Economic Stability: Evidence from Addis Ababa**

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A Thesis Submitted to Addis Ababa University College of Business and Economics Department of Accounting and Finance in Partial Fulfilment of the Requirements for Master of Science (MSc) degree in Accounting and Finance.

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June 2025 G.C.  
Addis Ababa, Ethiopia

## **Declaration**

I, the undersigned, certify that the thesis titled "The Role of Ethical Practices in Accounting in enhancing Public Trust and Economic Stability: Evidence from Addis Ababa" is my original work. I carried out the research independently, with guidance and supervision of my research advisor Dr. Kelifa Srmolo. This thesis has not been submitted for any degree or diploma at any other institution, and all sources of information used have been properly acknowledged.

**Researcher: Name:** Mesfin Workie Tegegne

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**Date:** 13 June 2025 G.C

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## **Certification**

This is to certify that the thesis titled "The Role of Ethical Practices in Accounting in enhancing Public Trust and Economic Stability: Evidence from Addis Ababa". A Case Study in Selected Accounting and Auditing Firms in Addis Ababa has been submitted in partial fulfilment of the requirements for a Master's degree in Accounting and Finance at Addis Ababa University, College of Business and Economics, Department. It represents an authentic research effort conducted by Mesfin Workie under my supervision and guidance. I further declare that no portion of this thesis has been presented to any other university or institution for obtaining a degree or diploma.

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**Venue:** Addis Ababa University, June 2025.

**Addis Ababa University**  
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**Thesis Approval after Defence**

As members of the board of examiners, we have thoroughly evaluated the thesis titled "The Role of Ethical Practices in Accounting in enhancing Public Trust and Economic Stability: Evidence from Addis Ababa" A Case Study on Selected Accounting and Auditing Firms in Addis Ababa " submitted by Mesfin Workie. Based on our assessment, we hereby certify that this thesis meets the necessary academic standards and fulfils the requirements for the award of the degree of Master of Science in Accounting and Finance.

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This approval serves as formal recognition of the candidate's successful completion of the thesis defense.

## **Dedication**

I totally dedicated this thesis to esteemed people and beloved family who continue to endure the hardship of life in the devastated Amhara region. Their firm resilience and strength inspire me every day. In particular, I extend this dedication to my dear family members who due to the ongoing challenges are unable to be present for my graduation. Though distance and circumstances separate us, their love, sacrifices and prayers have been the foundation of my journey. This achievement is as much theirs as it is mine, and I honour them with deep thankfulness and respect.

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## Acronyms

AABE	Accounting and Auditing Board of Ethiopia
AICPA	American Institute of Certified Public Accountants.
ICAEW	Institute of Chartered Accountants in England and Wales
ERCA	Ethiopian Revenue and Customs Authority
IJFMR	International Journal for Multidisciplinary Research
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IBE	Institute of Business Ethics
APA	American Psychological Association
WHO	World Health Organization
AMA	American Medical Association
NEA	National Education Association
CSR	Corporate Social Responsibility
GAAP	Generally Accepted Accounting Principles
IFRS	and International Financial Reporting Standards
AICPA	American Institute of Certified Public Accountants
PCAOB	Public Company Accounting Oversight Board
FINRA	Financial Industry Regulatory Authority
GDPR	General Data Protection Regulation
AI	Artificial Intelligence
IFAC	International Federation of Accountants
BBC	British Broadcasting Corporation
ESG	Environmental, Social, and Governance
NGOs	Non-Governmental Organizations
SPSS	Statistical Package for the Social Sciences
IESBA	International Ethics Standards Board for Accountants

**Abstract:**

*Accounting ethics consists of moral values and professional guidelines that shape accountants' responsibilities. It ensures honesty, transparency, and fairness in financial reporting and decision-making, it strengthens trust among businesses, investors, and the public. Maintaining ethical standards in accounting also enhances investor confidence and contributes to overall economic stability. This study aims to examine ethical practices in accounting and their role in enhancing public trust and assessing their broader role in economic stability. Using a descriptive research methodology, information was gathered from selected accounting and auditing firms' through surveys and interviews. A survey was conducted among 124 accounting professionals who work in accounting auditing firms' analysing how do accountants perceive the role of ethics in financial reporting, how unethical accounting practices erode public trust and destabilizes economies and the role of regulatory frameworks in promoting ethical behaviour among accounting professionals. Findings indicated that, lack of ethical training leading to ethical gaps in awareness and compliance, ethical financial reporting is a key factor in raising stakeholder trust and enhancing corporate reputation. The study also notes regulatory oversight plays a role in maintaining financial integrity but enforcement and effectiveness need improvement. Lack of public awareness and continuous ethical accountability efforts contribute to compliance challenges. Many accountants experience ethical conflicts due to pressure from management and clients further emphasizing the necessity of clear ethical frameworks and governance structure. In conclusion, this comprehensive analysis offers organizations with strong ethical policies empower professionals to maintain transparency and integrity. Training and awareness programmes are essential in preventing unethical practices and strengthening ethical financial reporting overall. Ultimately, this strengthens trust among stakeholders, regulators, and the public reinforcing the long-term credibility and sustainability of both the institution and the overall economy.*

**Keywords:** *Ethical accounting; Financial integrity; Public trust; Corporate governance; Economic stability*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the study

Ethics which comes Greek word ethos, encompasses ideas like custom, habit, character or disposition. In the world of accounting, ethics refers to the moral principles that guide accountants, auditors, and financial analysts as they strive to make fair and transparent financial decisions. In today's interconnected and rapidly evolving global economy, the credibility of financial information is paramount. Accounting, as the language of business, plays a critical role in presenting this financial information with integrity, transparency, and accuracy. However, financial scandals in both public and private sectors ranging from misreporting to outright fraud have undermined trust in financial institutions and regulatory systems. These breaches have not only tarnished reputations but also destabilized entire economies.

Ethical practices in accounting serve as a foundational pillar in mitigating these risks. By adhering to principles such as honesty, objectivity, professional competence, and due care, accountants can foster a culture of accountability and reliability. This, in turn, enhances public trust an essential ingredient for attracting investment, encouraging fair competition, and supporting sustainable economic growth. In developing economies, where institutional frameworks may still be maturing, ethical accounting becomes even more crucial. It acts as a buffer against corruption and mismanagement, helping to reinforce confidence among citizens, investors, and international partners. Thus, investigating the role of ethical practices in accounting is not only timely but vital in understanding how these practices contribute to long-term economic stability and social cohesion.

### **Challenges to Ethical Accounting Practices in Ethiopia**

Ethical accounting is vital for transparency, investor trust, and sustainable development, but Ethiopia faces numerous challenges in upholding these standards. Key issues include a weak regulatory framework with poor enforcement and limited implementation of international standards like IFRS. Corruption and fraud are widespread, pressuring accountants to manipulate data, while low professional competency due to insufficient training and certification worsens the problem. Institutional support is inadequate, with ineffective professional bodies and a lack

of whistleblower protection. Cultural and social pressures, political interference especially in state-owned enterprises technological limitations, and economic hardships further undermine ethical practices. To improve, Ethiopia needs stronger legal frameworks, better ethics education, empowered professional bodies, effective audit reforms, and protections for whistleblowers to foster a more ethical accounting environment.

### **Background of the Company**

This study examines selected auditing firms in Ethiopia, focusing on Addis Ababa, under the umbrella of the Accounting and Auditing Board of Ethiopia (AABE). It provides a comprehensive analysis of the operations of selected firms, highlighting their compliance with regulatory standards, professional guidelines, and the role of AABE in promoting best practices that contribute to economic stability. Ethiopia currently has 224 registered audit firms, of which 209 are based in Addis Ababa and 15 operate outside the city. Additionally, there are 1,159 accounting firms, with 579 located in Addis Ababa and 580 outside the capital. This research specifically examines four selected audit firms to provide a detailed analysis of their operations and compliance measures.

### **1.2 Statement of the Problem**

Accounting ethics is increasingly deteriorating, posing significant risks to financial transparency, investor confidence, and economic stability. Although ethical guidelines exist, a persistent gap remains between these principles and actual practice largely due to weak enforcement, organizational pressure, and profit-driven motives. This disconnect undermines public trust, exposes businesses to fraud, and destabilizes economies.

A major contributing factor is the lack of an ethical organizational culture, where accountants often face pressure to prioritize financial gain over professional integrity. The study aims to explore the root causes of unethical behavior in the accounting profession, assess the effectiveness of current ethical frameworks, and highlight areas for improvement. By addressing these systemic challenges, the research seeks to promote stronger ethical standards, reinforce public trust, and support long-term economic sustainability.

### **1.3 Research question**

1. How do accountants perceive the role of ethics in financial reporting?

2. How unethical accounting practices erode public trust and destabilizes economies?
3. What is the role of regulatory frameworks in promoting ethical behaviour among accounting professionals?

## **1.4 Objectives of the study**

### **1.4.1 General Objective:**

To examine and evaluate ethical practices in accounting and their role in enhancing transparency, accountability and public trust while assessing their broader impact on economic stability.

### **1.4.2 Specific Objectives:**

- To examine how accountants perceive ethics and its role in financial reporting.
- To examine how unethical accounting practices erode public trust and destabilize economies.
- To assess the role of regulatory frameworks in promoting ethical behavior among accounting professionals.

## **1.5 Significance of the study**

Ethical accounting is the backbone of financial integrity, ensuring transparency and trust across industries. When financial information is accurate and reliable, policymakers can create fair regulations, businesses can make informed decisions, and society can feel confident in the economy's stability.

This study explores the role of ethical accounting on key stakeholders, including policymakers, the public, and researchers. Strong ethical standards build trust and accountability, making financial systems more dependable. Policymakers use ethical frameworks to craft effective regulations, the public relies on transparent financial reporting for confidence in institutions, and researchers benefit from credible data to support future studies. Policymakers, ethical accounting prevents fraud, promotes fair taxation, and ensures resource allocation is just and transparent. It also strengthens governance by holding businesses accountable and protecting stakeholders from financial misconduct.

Beyond government and industry, ethical accounting plays a crucial role in society's financial well-being. Clear and honest reporting boosts public trust, attracts investment, and safeguards

against fraud, fostering a stable economic environment. Ethical standards further ensure fair taxation, equitable resource distribution, and corporate responsibility, creating a financial system that prioritizes integrity and sustainability.

### **1.6 Scope of Study**

This study focuses solely on selected accounting and auditing firms in Addis Ababa, examining their ethical accounting practices, regulatory compliance, and the impact of accounting ethics on public trust and economic stability.

### **1.7 Organization of the Study**

The research is divided into five chapters. Chapter one covers the Introduction, Background, Problem Statement, Research Questions and Objectives, Significance, Limitations, and Scope. Chapter Two reviews the literature, including theoretical and empirical studies, gaps, and the conceptual framework. Chapter Three outlines the Research Methodology, Design, Population and Sample, Data Collection Methods, Analysis, and considerations for Reliability, Validity, and Ethics. Chapter Four presents the Findings, Data Presentation, and Analysis. Chapter Five includes the Discussion, Results Interpretation, and Relevance to Society and Professionals, and concludes with Recommendations.

# CHAPTER TWO

## 2. LITERATURE REVIEW

### 2.1 Theoretical Literature review:

#### 2.1.1 Definitions of Ethics

Ethics, derived from the Greek word “ethos” holds diverse definitions across various disciplines. The international ethics standards board of accountants (IESBA) defines ethics as a set of principles that guide the behaviour of individuals and organizations in their professional conduct. These principles typically include integrity, objectivity, professional competence, confidentiality, and professional behaviour. Ethics serves as a framework for making decisions that align with moral values and professional standards, ensuring that actions are taken in a manner that is fair, responsible, and respectful to all stakeholders involved. International Federation of Accountants (IFAC): Ethics in accounting is defined as the moral principles that guide the behavior of accountants, emphasizing integrity, objectivity, professional competence, confidentiality, and professional behavior. The Institute of Business Ethics (IBE) describes business ethics as the application of moral values to corporate decision-making, emphasizing a company's obligations toward its stakeholders and broader society. Meanwhile, the American Psychological Association (APA) defines ethics as the guiding principles that shape individual and group behaviour, particularly in determining right and wrong within professional settings. World Health Organization (WHO): Ethics in healthcare is described as the moral principles that guide the practice of medicine and public health, ensuring respect for individuals, fairness in resource allocation, and the promotion of health equity. American Medical Association (AMA): Ethics in medicine is characterized as the set of moral principles that govern the practice of medicine, emphasizing patient welfare, autonomy, and justice in healthcare delivery. National Education Association (NEA): Ethics in education is defined as the principles that guide educators in their professional conduct, ensuring fairness, respect, and integrity in their interactions with students and colleagues. These definitions reflect the diverse applications of ethics across various fields, highlighting the importance of moral principles in guiding professional behaviour.

### **2.1.2 Theories of Ethics**

Different researchers developed various theories regarding Ethics and Ethical practices in accounting. Among these; Stakeholder Theory, Social Contract Theory, Corporate Social Responsibility (CSR), Utilitarianism theory, Deontological Ethics theory, and Virtue Ethics theory.

#### **2.1.2.1 Stakeholder Theory:**

This theory hypothesizes that organizations have a responsibility to various stakeholders, including employees, customers, suppliers, and the community. Ethical accounting practices can enhance trust and accountability among these groups, ultimately benefiting society. Philosophy Terms. Stakeholder theory and ethical theories.

#### **2.1.2.2 Social Contract Theory:**

This theory (developed in 17th and 18th century with the political philosophies of Thomas Hobbes, John Locke, and Jean-Jacques Rousseau.5 Sept 2018) suggests that businesses operate under an implicit social contract with society, which includes adhering to ethical standards. Ethical accounting practices can be seen as fulfilling this contract, promoting societal welfare and trust in financial reporting. Philosophy Terms. (2018, September 5).

#### **2.1.2.3 Corporate Social Responsibility (CSR) theory:**

Howard Bowen, an American economist and Grinnell College president, and “father of CSR. This theory emphasizes the importance of ethical behaviour in business practices, including accounting. It suggests that companies should operate ethically to contribute positively to society, which includes transparent and honest financial reporting. Philosophy Terms. (2025).

#### **2.1.2.4 Utilitarianism theory:**

Thanks to Jeremy Bentham who is credited with providing the first systematic account of utilitarianism in his Introduction to the Principles of Morals and Legislation (1789). This ethical theory focuses on the outcomes of actions, advocating for practices that maximize overall happiness or benefit. In accounting, ethical practices can lead to more accurate financial

reporting, which benefits society by fostering economic stability and trust in financial markets. Philosophy Terms. (2025).

#### **2.1.2.5 Deontological Ethics theory:**

This theory emphasizes the importance of following moral rules and duties. In the context of accounting, it supports the idea that ethical practices are essential regardless of the consequences, reinforcing the integrity of financial reporting and its societal implications. Philosophy Terms. (2025).

#### **2.1.2.6 Virtue Ethics theory:**

This theory focuses on the character and virtues of individuals rather than specific actions. Ethical accounting practices can be viewed as a reflection of the virtues of honesty, integrity, and responsibility, which contribute positively to societal norms and expectations. Virtue ethics began with Socrates, and was subsequently developed further by Plato, Aristotle, and the Stoics. These theories can provide a solid foundation for discussing the importance of ethical practices in accounting and their broader impact on society in my research. Philosophy Terms. March (2025, March 27). Kantian ethics and ethical theories.

### **2.1.3 Ethical Practices in Accounting: Principles and Challenges**

#### **2.1.3.1 Ethical Accounting Practices**

Research identifies several key ethical accounting practices that help maintain integrity and transparency in financial reporting: Honesty and Integrity, Accountants must provide truthful and accurate financial information to stakeholders. Objectivity and Independence, Avoiding conflicts of interest and ensuring unbiased financial assessments. Confidentiality, safeguarding sensitive financial data and preventing unauthorized disclosures. Professional Competence, Continuously updating knowledge and skills to adhere to evolving accounting standards.

Compliance with Regulations, Following legal and professional guidelines to ensure ethical financial practices. Transparency in Reporting – Providing clear and accurate financial statements to prevent fraud and misrepresentation. (IJM 2020), pp. 241–247

According to accounting insights (2025), maintaining ethical standards in accounting is crucial for fostering transparency and trust in financial markets. Accountants have a key responsibility in

upholding the accuracy and reliability of financial reporting, which is vital for investors, stakeholders, and the overall economic environment.

### **2.1.3.2 Ethical Principles and challenges in Accounting**

Ethical standards in accounting serve as the backbone of professional integrity, fostering trust and transparency in financial practices. Frameworks such as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) establish guidelines that prioritize accuracy, uniformity, and fairness in financial reporting. Integrity in accounting demands honesty and transparency in all professional interactions, ensuring financial information remains unbiased and accurately presented. Under GAAP's full disclosure principle, accountants must include all pertinent financial data in reports, enabling stakeholders to make well-informed decisions. Objectivity requires accountants to remain unbiased, especially when performing audits or offering financial guidance. The Sarbanes-Oxley Act of 2002 strengthens corporate governance by enforcing auditor independence, reducing conflicts of interest, and ensuring transparency in financial reporting. Professional competence requires accountants to continuously enhance their skills and knowledge, staying updated with evolving standards set by organizations like the American Institute of Certified Public Accountants (AICPA). Exercising due diligence is essential when managing intricate financial transactions or tax-related matters, ensuring accuracy and compliance with regulations.

### **2.1.4 Conflicts of Interest**

Conflicts of interest can undermine the accuracy and trustworthiness of financial reporting by introducing personal biases into professional decisions. To prevent this, regulatory bodies like the Public Company Accounting Oversight Board (PCAOB) enforce auditor independence rules, restricting financial ties with audited entities. Transparency is crucial in managing conflicts, as disclosure requirements such as those mandated by the Financial Industry Regulatory Authority (FINRA) allow stakeholders to evaluate financial information more reliably.

### **2.1.5 Confidentiality and Data Protection**

Confidentiality and data protection are essential in accounting due to the sensitive financial information professionals handle. Accountants must safeguard proprietary financial data,

strategic plans, and personal details from unauthorized access. Regulations like the General Data Protection Regulation (GDPR) in the European Union enforce strict data handling requirements to ensure compliance and security. With the increasing reliance on digital accounting systems, accountants must implement robust cybersecurity measures to counter cyber threats. Strategies such as multi-factor authentication and end-to-end encryption strengthen data security, while regular training ensures employees remain aware of confidentiality best practices. For further insights on GDPR compliance in accounting, ICAEW's GDPR guide or GDPR Advisor's compliance overview.

### **2.1.6 Professional Competence**

Accountants must continuously enhance their skills to keep up with regulatory shifts and technological advancements, such as IFRS 16 for lease accounting. The increasing integration of technology in the field necessitates proficiency in advanced software for data analysis and financial modelling. AI-driven analytics further refine forecasting and budgeting accuracy, improving financial decision-making.

### **2.1.7 Integrity and Objectivity**

Integrity and objectivity are essential in accounting, ensuring honesty and impartiality in professional decisions. These principles build trust between accountants and stakeholders, particularly in audits where financial findings have significant implications. Accountants may face pressure to manipulate data for executive bonuses or market performance, but adherence to ethical standards, strong internal controls, and a culture of integrity helps resist such influences.

### **2.1.8 Ethical Decision-Making**

Integrity and objectivity are essential in accounting, ensuring honesty and impartiality in professional decisions. These principles build trust between accountants and stakeholders, particularly in audits where financial findings have significant implications. Accountants may face pressure to manipulate data for executive bonuses or market performance, but adherence to ethical standards, strong internal controls, and a culture of integrity helps resist such influences. ACCA Code of Ethics and Conduct and Gusto's guide on accountant ethics.

### **2.1.9 Whistleblowing in Accounting**

Whistleblowing plays a crucial role in exposing unethical practices, promoting transparency and accountability. Accountants, due to their financial oversight, are well positioned to identify fraud, though reporting misconduct can pose risks. Laws such as the Dodd-Frank Act provide protections and incentives for whistleblowers. Organizations can foster ethical reporting by implementing clear whistleblowing channels, anonymous reporting systems, and training programs to empower accountants to act in the public and professional interest.

### **2.1.10 Evaluation of Ethical Practices in Accounting:**

Prior research evaluates ethical accounting practices by analysing firms' compliance with established ethical standards and regulatory frameworks. This includes assessing transparency, integrity, and objectivity in financial reporting, as well as reviewing internal controls, ethical training programs, and adherence to financial disclosure requirements. Studies also explore how firms manage conflicts of interest, safeguard confidential financial data, and uphold accountability through ethical audits, offering valuable insights into the effectiveness of ethical policies in fostering trust and integrity in the accounting profession.

### **2.1.11 Factors contributing to diversify Ethical Practices in accounting**

Several factors contribute to the diversification of ethical practices in accounting within organizations. These include:

#### **2.1.11.1 Regulatory Environment:**

Changes in laws can lead companies to set higher ethical standards to stay compliant and steer clear of legal issues.

#### **2.1.11.2 Globalization:**

As businesses operate in multiple countries, they encounter various cultural norms and ethical expectations, leading to a diversification of practices to accommodate different ethical frameworks.

#### **2.1.11.3 Corporate Governance:**

Strong governance structures promote accountability and transparency, encouraging organizations to adopt diverse ethical practices that align with stakeholder expectations.

#### **2.1.11.4 Stakeholder Influence:**

The demands and expectations of stakeholders, including investors, customers, and employees, can drive organizations to diversify their ethical practices to maintain trust and reputation.

#### **2.1.11.5 Technological Advancements:**

The rise of technology in accounting, such as AI and block chain, introduces new ethical considerations, prompting organizations to adapt their practices accordingly.

#### **2.1.11.6 Social Responsibility:**

Increasing awareness of corporate social responsibility (CSR) encourages organizations to adopt ethical practices that reflect their commitment to social and environmental issues.

#### **2.1.11.7 Professional Standards:**

The evolution of professional accounting standards and ethical guidelines from organizations such as the International Federation of Accountants (IFAC) influences how ethical practices are implemented across different regions and sectors.

#### **2.1.11.8 Education and Training:**

Ongoing education and training in ethics for accounting professionals can lead to a broader understanding of ethical issues and promote diverse practices within organizations.

#### **2.1.12 Factors that contribute to minimize unethical practices in accounting:**

Minimizing unethical Practices in accounting needs strong and continuous follow up in the empire of accounting. Maintaining ethical standards is paramount to ensuring the integrity and reliability of financial reporting. Several factors contribute to minimizing unethical practices within this field, fostering an environment where ethical behavior is not only encouraged but also expected. Primarily, a strong ethical culture within an organization plays a crucial role in promoting integrity and ethical behavior among employees. When organizations prioritize ethical values, they create a workplace atmosphere that encourages adherence to ethical standards. This cultural foundation serves as a guiding principle for employees, influencing their decision-making processes and actions. In conjunction with a robust ethical culture, clear policies and procedures are essential. Establishing comprehensive accounting policies provides

employees with explicit expectations and guidelines regarding ethical behavior. These policies serve as a framework that outlines acceptable practices, thereby reducing ambiguity and the potential for unethical conduct. Training and education are also vital components in the fight against unethical practices in accounting. Regular training sessions focused on ethical standards and accounting practices ensure that employees remain informed about the significance of ethics in their work. By equipping employees with the knowledge and skills necessary to navigate ethical dilemmas, organizations can foster a workforce that is both competent and principled. Effective internal controls further bolster efforts to minimize unethical practices. By implementing robust internal controls, organizations can enhance accuracy and accountability in financial reporting. These controls serve as a safeguard against potential misconduct, enabling the detection and prevention of unethical behavior before it escalates. Additionally, the establishment of whistle-blower protections is critical in promoting transparency and deterring misconduct. Providing employees with a safe and confidential mechanism to report unethical behavior encourages them to speak up without fear of retaliation. This not only helps identify unethical practices but also reinforces the organization's commitment to ethical conduct. Leadership commitment is another pivotal factor in minimizing unethical practices. When organizational leaders demonstrate a strong commitment to ethical practices, they set a tone that resonates throughout the entire organization. This leadership example influences employee behavior and reinforces the importance of maintaining ethical standards. Moreover, regulatory compliance is essential in upholding ethical practices in accounting. Adhering to laws and regulations governing accounting practices helps maintain accountability and ensures that organizations operate within established ethical frameworks. Compliance with these regulations not only protects the organization but also enhances its reputation in the industry. Finally, conducting regular audits and reviews is a proactive measure that can identify potential unethical practices. These audits serve as a mechanism for reinforcing compliance with ethical standards and provide an opportunity for organizations to assess their adherence to established policies and procedures.

In conclusion, by focusing on these key factors strong ethical culture, clear policies and procedures, training and education, effective internal controls, whistle-blower protections, leadership commitment, regulatory compliance, and regular audits organizations can create an

environment that actively discourages unethical behavior in accounting. This multifaceted approach not only safeguards the integrity of financial reporting but also fosters a culture of accountability and trust within the organization.

By recognizing and addressing these factors, organizations can enhance their ethical practices in accounting, fostering a culture of integrity and accountability. In the contrary unethical practices in accounting may result high profile scandals that happened in various multinational corporations. For instance, the Enron scandal (2001), Satyam Computer Services Fraud also known as the "Indian Enron," Lehman Brothers Collapse are among them.

### **2.1.13 Case studies examples**

Case studies and examples provide valuable insights into real world ethical dilemmas faces by accounting professionals and implications of their decisions. This section presents illustrative cases and examples to deepen understanding of ethical issues in accounting. (et al. Shree Chand Chhimpa)

#### **2.1.13.1 Enron Scandal**

The Enron scandal is one of the most infamous cases of corporate fraud in history, highlighting the devastating consequences of unethical accounting practices. Enron, once one of the largest energy companies in the world, collapsed in 2001 following revelations of widespread financial manipulation and deception (McLean & Elkind, 2003). Numerical data underscores the magnitude of the Enron scandal. The company's market value plummeted from \$70 billion to less than \$1 billion within a year, resulting in massive losses for investors and employees (McLean & Elkind, 2003). Enron's bankruptcy also led to the dissolution of Arthur Andersen, one of the largest accounting firms in the world at the time (Thomas & Nolte, 2002).

#### **2.1.13.2 Satyam Computer Services Fraud**

The Satyam Computer Services fraud, also known as the "Indian Enron," shocked the global business community and raised serious concerns about corporate governance and ethical standards in India. In 2009, Satyam's founder and chairperson, Ramalinga Raju, confessed to inflating the company's profits and fabricating financial statements to the tune of \$1.5 billion

(BBC News, 2009). Qualitative analysis of the Satyam scandal reveals the systemic failures in corporate governance and internal controls that allowed the fraud to occur. Interviews with stakeholders conducted by Ramanna and Srinivasan (2013) underscore the importance of regulatory oversight and ethical leadership in preventing similar incidents in the future.

### **2.1.13.3 Lehman Brothers Collapse**

The collapse of Lehman Brothers in 2008 serves as a cautionary tale about the risks of aggressive accounting practices and inadequate risk management. Lehman Brothers, a global financial services firm, filed for bankruptcy amidst allegations of accounting fraud and misleading financial disclosures (Sorkin, 2009). Empirical research highlights the role of unethical behavior and lax oversight in the downfall of Lehman Brothers. A study by Antoniou et al. (2011) found evidence of earnings management and deceptive accounting practices at Lehman Brothers, contributing to the firm's eventual collapse.

In summary, case studies such as the Enron scandal, Satyam Computer Services fraud, and Lehman Brothers collapse offer valuable lessons about the consequences of ethical lapses in accounting. By examining these cases, accounting professionals can identify red flags, strengthen internal controls, and uphold ethical standards in their practice.

## **2.2 Empirical Literature Review**

Ethical accounting practices remain the cornerstone of financial integrity and transparency. Upholding honesty, accuracy, and adherence to regulations ensures that businesses build trust with stakeholders and maintain a stable financial system. In today's fast-paced, competitive market, maintaining integrity in financial reporting is more crucial than ever. Ethical accounting is the backbone of a trustworthy business environment. Whether it's preventing fraud, ensuring fair reporting, or making ethical decisions in complex financial scenarios, ethical accounting is vital to responsible business operations. Numerous studies have highlighted the critical importance of ethical practices in the accounting profession. Research indicates that audit firms are particularly vulnerable to unethical behaviors carried out by their employees. These unethical practices can range from financial misrepresentation and conflicts of interest to fraud and non-compliance with regulations. Due to the significant role audit firms play in ensuring financial transparency and accountability, any ethical misconduct within these firms can have far-reaching consequences, affecting stakeholders' trust, corporate governance, and overall market stability.

This underscores the necessity for stringent ethical guidelines, continuous professional education, and robust oversight mechanisms to uphold integrity within the accounting profession.

Dereje (2017) examined accounting ethics among public accountants in South Wollo zone gathering data from approximately 50 professionals to assess their adherence to ethical standards. His analysis revealed numerous instances of ethical violations concerning Ethiopian code of ethics for public accountants. To validate findings Dereje collected additional data from auditors at the ERCA office in Dessie town which further confirmed the presence of ethical breaches among public accountants operating in the region.

Yonas (2015) asserts that many private audit firms in Ethiopia fail to uphold the core ethical standards required of professional accountants. He contends that these firms lack independence in their public service delivery, compromising their ethical integrity. Their professional ethics and objectivity are influenced by threats such as self-interest, self-review, and familiarity biases. The primary causes of these ethical concerns, according to Yonas, include low audit fees, insufficient assessments, failure to conduct professional clearances before accepting new clients, and inadequate evaluations of potential conflicts of interest between firms and their clients. Other contributing factors are offering non-assurance services, having personal, financial, or familial relationships with clients, and maintaining long-term associations between senior personnel and audit clients.

Ailo Bulu, Emidio Mabjaia et al. (2020) conducted a study to assess the level of compliance with the code of ethics among professionals registered with the order of accountants and auditors of Mozambique especially in Maputo city. The ethical guidelines in accounting aims to encourage professionals to uphold recognize ethical principles ensuring their behaviour aligns with societal expectations. The findings indicate that most professionals adhere to the ethical principles and regulations though a small minority requires further ethical training and awareness.

Bezreman et al. (2002), argue that unconscious biases rather than deliberate corruption are the primary drivers of accounting fraud due to subjective nature of accounting. The highlights the ethical challenges that professional accountants encounter in fulfilling their responsibilities.

An accountant's ability to serve the public interest is closely linked to their understanding of fundamental principles including egoism utilitarianism, deontology and benefit ethics.

Aghdam Mazraeh, Y., & Karimzadeh, H. (2017), the role of ethics on accounting. SSRN. A stronger theoretical foundation, combined with the current principle-based approach, can foster a more ethical professional culture. This would enable accountants to effectively navigate ethical dilemmas that are not explicitly addressed within the conceptual framework, ultimately contributing to their ethical growth and development.

Cabrera-Frias (2012) notes that, historically, the accounting profession was regarded as one of most trustworthy and ethically sound fields within professional services. However, this reputation declined significantly following a series of high profile financial scandals that emerged in the early years of the twenty first century ruining the profession's credibility.

A study conducted by Wenxuan et al. (2022) in Qingdao, Shandong, China examined key priority areas based on respondents' feedback. The research identified six critical aspects, Upholding Public Trust, Credibility of Financial Information, Preserving the Profession's Integrity, Legal and Regulatory Compliance, Long-Term Success and Sustainability, and Ethical Decision-Making, through an analysis of questionnaire responses. The findings provide insight into the significance of these priorities as perceived by the participants.

The study's findings indicate that "Legal and Regulatory Compliance" is the most prioritized area, with 70 accountants (23.3%) considering it essential. This is followed by "Upholding Public Trust" (60 accountants, 20.0%), "Credibility of Financial Information" (50 accountants, 16.7%), "Long-Term Success and Sustainability" (45 accountants, 15.0%), "Preserving the Profession's Integrity" (40 accountants, 13.3%), and "Ethical Decision-Making" (35 accountants, 11.7%). The distribution of these priorities visually represents the proportion of accountants who regard each aspect as fundamental, offering valuable insights into collective ethical and professional standards in the field.

A research conducted by Gabriel Sam Ahinful, Ahinful, G. S., Addo, S., Boateng, F. O., & Boakye, J. D. (2017). Accounting ethics and the professional accountant: The case of Ghana. *International Journal of Applied Economics, Finance and Accounting*, 1(1), 30-36 examined the integrity of the accounting profession and the reliability of financial information provided by

organizations have been undermined by accounting fraud. The integrity of the profession and financial reporting, driven by corporate transparency, values, money culture, and legalistic practices. Survey results show that 80% of respondents believe corporate governance impacts integrity, while 85% agree that lapses in personal and professional integrity contribute to crises in corporate confidence. Additionally, 90% acknowledge that unethical corporate behavior, such as falsifying expense accounts, weakens financial integrity. All respondents recognize the negative influence of money-driven values, with 80% agreeing that corporations sometimes take a narrow legalistic approach, fostering fraudulent activities. Furthermore, 80% believe accounting fraud persists due to weak legal frameworks. These findings highlight the role of both institutional structures and individual behavior in enabling fraud, emphasizing the need for stronger governance and ethical oversight.

A study conducted in Ethiopia by Uvaneswaran S M1, Shikur Muhammed2 et al. (2022) volume 4, Issue 1, Page No. 15-22) explored (Public accountants' adherence to professional standards and accounting ethics), the survey results highlight ethical concerns in the public accounting profession. 66% of respondents have encountered practitioners lacking sufficient knowledge and experience, while 62% observed firms accepting numerous clients without adequate staffing. 73% reported fee undercutting due to skill deficiencies, and 60% noted inappropriate advertising and solicitation. 65% believe professionals exaggerate service claims, with 50% agreeing that unlicensed accountants authenticate financial reports. 66% recognize a lack of independence among practitioners, while 55% admitted attempts to influence tax officials. Additionally, 38% identified close client relationships leading to financial reporting without evidence. 55% support stricter enforcement of ethical standards, indicating widespread concerns over professional integrity and compliance.

Additionally, Survey (Tax Auditors' Opinion about Professional Behaviour of Public Accountants Uvaneswaran S M1, Shikur Muhammed2 et al. (2022) results disclose concerns about professional misconduct among public accountants. 39% of tax auditors reported encountering actions that discredit the profession, while 61% maintained a neutral stance. 61% observed practitioners lacking competency and skill, and 35% noted accountants prioritizing self-interest over professionalism. Additionally, 39% felt that public accountants were reluctant to follow Ethiopian ethical standards, while 52% remained neutral.

Furthermore, 44% stated they had encountered accountants preparing financial reports without sufficient objective evidence. 48% indicated that tax reports submitted by accountants did not accurately reflect client income and expenses, while 35% reported accountants lacking independence from clients. 44% of respondents also encountered professionals disregarding tax regulations.

In conclusion, findings suggest that some accountants violate integrity principles, lack independence, and fail to adhere to professional standards. While well-educated male practitioners dominate the field, female tax auditors generally hold graduate degrees and 6–10 years of experience. Violations of professional standards appear to stem more from ethical responsibility than knowledge deficiencies, with common issues including inadequate competency, accepting clients without clearance, and unethical fee adjustments. Strengthening adherence to Ethiopian ethical codes and improving oversight are essential for maintaining professional integrity.

A survey conducted by Fatoki Jacob Obafemi FCA and Ajayi Crowther in 2015 at the University of Oyo, Nigeria, was published in the *International Journal of Economics, Commerce, and Management (United Kingdom)*, Volume III, Issue 4, April 2015 (ISSN 2348-0386)." Result indicate that that 64% of respondents believe ethics is an industry-wide issue, while 36% argue that ethical conduct is confined to certain organizations. 64% also think that organizational ethics depend entirely on managerial decisions, whereas 36% disagree. Additionally, 72% attribute ethical misconduct to system abuse by employees or customers.

A strong majority (82%) agree that strict adherence to ethical codes can curb misconduct, while 18% are skeptical. Findings highlight that unethical behaviour negatively affects productivity, causes reputational damage, and reduces stakeholder trust. Workplace ethical misconduct also leads to significant time loss and increased stress, diminishing efficiency and output quality. Furthermore, nearly one-third of employees have left jobs due to ethical concerns, emphasizing the importance of organizational integrity.

The study concludes that insider abuses drive unethical practices in Nigerian organizations, necessitating a redesigned code of ethics and stricter enforcement. Key recommendations include leadership fostering a strong ethical culture, improving employee engagement through education, creating transparent reporting systems, and emphasizing ethical leadership. Organizations must

also assess workplace misconduct through broad-based cultural evaluations to uphold professional standards.

### **2.3 Literature Gap**

In the context of *The Role of Ethical Practices in Accounting in Enhancing Public Trust and Economic Stability*, several gaps in the existing literature identified. There is limited exploration of how accounting ethics are applied in specific sectors, such as non-profits, small businesses, or start-ups. Additionally, there is insufficient analysis of the societal outcomes of ethical or unethical accounting practices, particularly in fostering public trust or addressing inequality. The ethical implications of emerging technologies, such as AI, block chain, and automated accounting systems remain underexplored. Minimal focus has been given to ethical issues in sustainability reporting and Environmental, Social, and Governance (ESG) practices. Furthermore, there is a lack of evaluation of the effectiveness of ethics education in accounting curriculums and professional development programs. The role and challenges of accounting ethics in public governance, NGOs, and non-profit organizations are often neglected. Few studies have examined the perspectives of various stakeholders, including clients, investors, and regulators, on the relevance of accounting ethics. Finally, insufficient attention has been paid to how cultural, legal, and regional factors influence the perception and practice of accounting ethics.

# CHAPTER THREE

## 3. RESEARCH METHODOLOGY

### 3.1 Research Design

This study employed a descriptive research design, integrating qualitative and quantitative methods to develop a holistic perspective on how ethical accounting practices enhance public trust and economic stability.

#### 3.1.1 Qualitative research method:

Quantitatively, a survey distributed to accounting professionals who work in accounting and audit firm to assess their ethical perceptions and behaviours. Qualitatively, in-depth interviews conducted with selected participants to explore the shades of ethical decision-making in accounting practices. This dual approach allows for a robust examination of the ethical principles guiding accountants and their relevance for society. A descriptive research design utilized, as its primary objective is to provide an accurate depiction of the current state of affairs. This approach encompasses surveys and fact-finding inquiries (Kothari, 2004).

#### 3.1.2 Quantitative research method:

Quantitative research methods can be applied with structured data collection techniques, such as surveys or questionnaires. These instruments can effectively gather numerical data regarding the perceptions of ethical practices among accounting professionals and their influence on societal trust in financial reporting. Subsequently, statistical analysis can be conducted to identify trends, correlations, and potential causal relationships between ethical practices in accounting and societal outcomes, including public confidence in financial institutions. This methodology enables the quantification of attitudes and behaviors, thereby providing a robust empirical basis for understanding the significance of ethical practices within the accounting profession.

### 3.3 Data Collection Methods

Primary Data: is collected through surveys and interviews. The survey consists of a structured questionnaire which is distributed to the selected respondents. The questionnaire consists both closed-ended questions for quantitative analysis and open-ended questions to capture qualitative

insights. Interviews were semi-structured, allowing for flexibility in exploring topics in depth while maintaining focus on the research questions. The interviews conducted in person and via telephone depending on the participants' availability and preferences. These methods are designed to gather comprehensive data on The Role of Ethical Practices in Accounting in Enhancing Public Trust and Economic Stability.

Secondary Data: acquired from related literatures and articles published by different researchers and scholars and guide lines adopted by Accounting and Auditing Board of Ethiopia (AABE).

### **3.4 Data Analysis**

Descriptive statistics applied to analyse the collected data, using statistical tools for the quantitative aspect and thematic analysis for the qualitative aspect. The quantitative data examined using statistical software SPSS, which is designed to optimize data analysis, streamline statistical testing, and generate informative graphs and tables. This tool enable precise and efficient processing of survey data, ensuring that complex analyses is conducted effectively.

Through these analytical procedure, the study gained a comprehensive understanding of the survey's quantitative findings, revealing patterns, trends, and relationships within the data. The insights generated from this analysis helped to uncover significant connections between variables and provide a clearer picture of the factors influencing the study's focus. Furthermore, the results directly address the research questions, offering valuable evidence that supports well-grounded conclusions regarding the role of accounting ethics. This process enhanced understanding of the perceived role of ethical accounting practices and their connection to public trust and economic stability.

### **3.5 Reliability and Validity**

Reliability and validity are crucial in research; ensuring measurements are both consistent and accurate. Reliability refers to the ability of a test to produce the same results under similar conditions and includes test-retest reliability, which assesses stability over time; inter-rater reliability, which evaluates agreement among observers; and internal consistency, which examines the coherence among test items. Validity, on the other hand, determines whether a test accurately measures its intended concept, with key types including content validity, which ensures comprehensive coverage of the subject; construct validity, which aligns the test with

theoretical expectations; and criterion validity, which compares results with external benchmarks. While reliability does not necessarily imply validity, validity generally ensures reliability, making both essential in high-quality research.

### Reliability test

Reliability Statistics	
Cronbach's Alpha	N of Items
.938	32

Table 3.1 reliability test result      Source: SPSS v#26

### Interpretation:

With a Cronbach's Alpha of 0.938, research instrument shows great dependability; this implies the things in the scale are very consistent in assessing the same idea. Generally: 0.8 to 0.9: Dependability is good. 0.7 – 0.8 shows Reliable enough and below 0.7: Could require improvement. Though your great score points toward trustworthiness, it is wise to see if some objects are too similar and perhaps needless. Your results indicate a dependable and well-organized measurement.

### 3.6 Ethical Considerations

In order to adhere with the ethical guidelines, the willingness of respondents obtained prior to the distribution of the questionnaire and clearly communicated the study's objectives to them. To ensure respondents' privacy and maintain confidentiality, the collected data will be used solely for academic purposes and will be disposed of appropriately to safeguard confidentiality.

# CHAPTER FOUR

## 4. DATA ANALYSIS, PRESENTATION, AND DISCUSSION

### 4.1 Introduction

This chapter presents the findings of the study, integrating both data analysis and interpretative discussions derived from questionnaires and interviews conducted with participants. It aims to analyse and interpret responses in direct relation to the research objectives and questions set out in Chapter One. To obtain relevant data, the researcher administered structured questionnaires to accounting and auditing professionals from four selected audit, accounting, and consulting firms. The primary goal was to explore the Role of Ethical Practices in Accounting in Enhancing Public Trust and Economic Stability. Specifically, the study assessed the extent to which ethical accounting behaviours influence public confidence and national economic well-being.

The data collected from 124 respondents representing a 93.2% response rate from the total 133 targeted participants was analysed using SPSS software to generate statistically and thematically meaningful insights.

This chapter presents the findings of the study, including data analysis and discussions based on the questionnaires and interviews conducted with participants. The aim of this chapter is to analyse and interpret the data to meet the research goals and answer the questions set out in chapter one, under research question topic. To obtain relevant data, the researcher administered a structured questionnaire to accounting and auditing professionals from four selected Audit, accounting and Consulting Service. The purpose of this study was to explore the Role of Ethical Practices in Accounting in Enhancing Public Trust and Economic Stability.

The study aimed to assess how ethical accounting practices influence public trust and the country's economic stability. 124 respondents, representing 93.2% of the total population of 133, participated in the questionnaire. The collected data was then analysed using SPSS software to originate meaningful insights.

### 4.2 Response Rate

124 questionnaires were distributed out for this study, and all of them were successfully filled out and gathered, yielding a 100% response rate. A high degree of participation improves the

data's representativeness and guarantees that the conclusions fairly reflect the viewpoints of the intended audience.

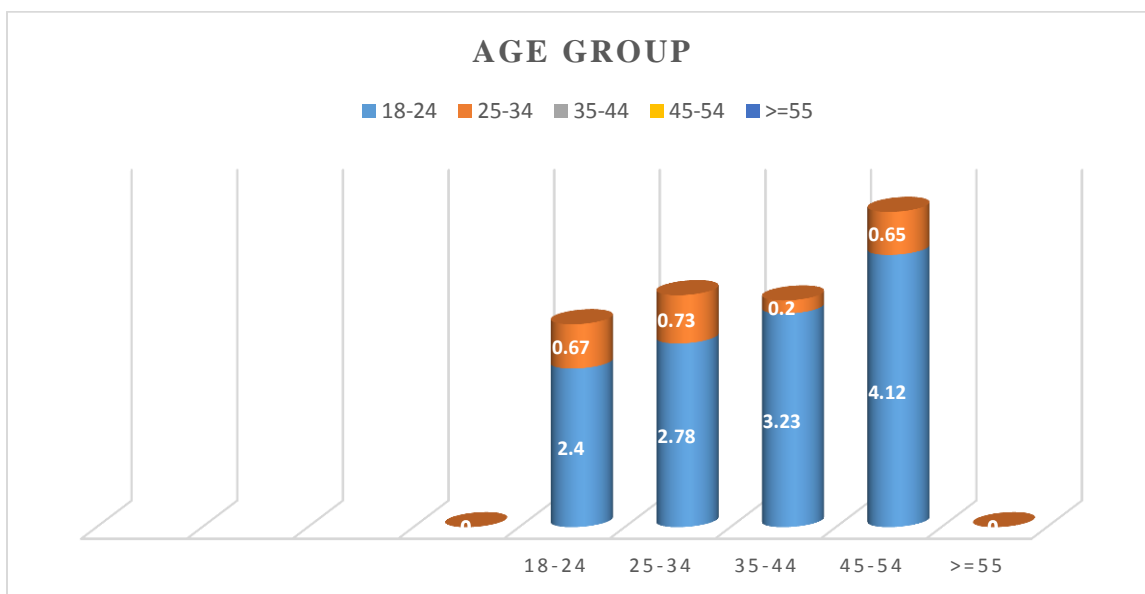
Case Processing Summary		N	Percentage
Cases	Valid	124	100.0
	Excluded <sup>a</sup>	0	0
	Total	124	100.0

Table 4.1 All Variables case processing summary From SPSS V#.26

### 4.3 Demographic Information of Respondents

Figure 4.3 illustrates the demographic description of participants and provides some useful insights into who they are. The data are comprehensive, including age, gender, educational level, Employment status, years of experience in the field, size of organization and religion. 124 respondents completed the survey: 8.1% were between 18 and 24, 55.6 % were 25 to 34 and 20.2% were 35 to 44 and 16.1 were 45 to 54 years. The mean score of 2.44 indicates that the average age falls within a mid-range category, based on the defined scale. The standard deviation of 0.858 suggests moderate diversity in age distribution, showing some differences among individuals, but not extreme variations.

Figure 4.2 Age Group distributions table



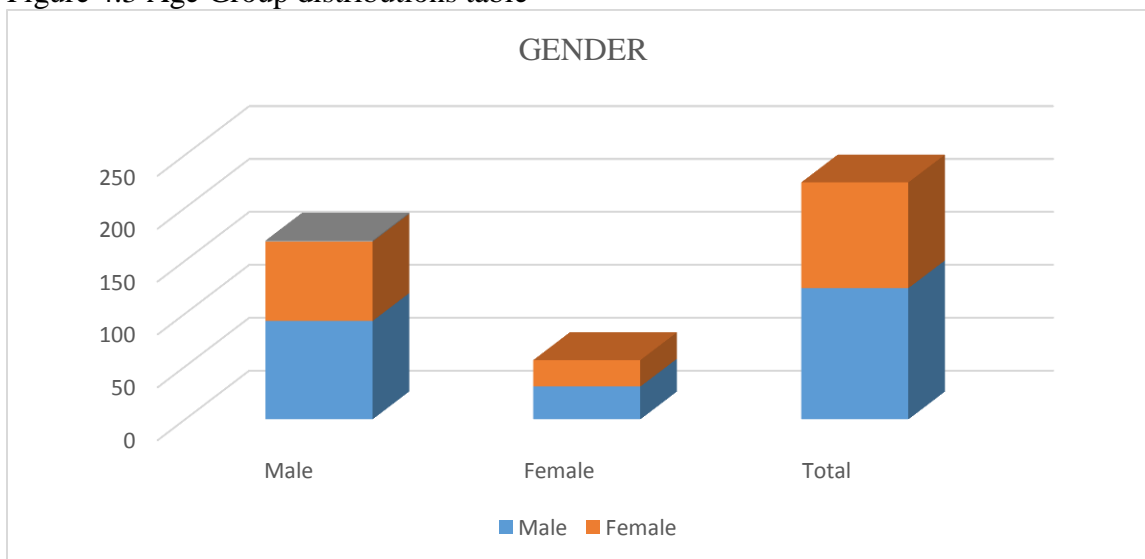
Source: from survey data May, 2025

#### 4.4. Gender distributions table

Figure 4.1 illustrates an overview of the participants' gender distribution, offering valuable insights into their composition within the study.

Gender can affect ethical behaviour in accounting, public trust, and economic stability in a number of ways: Ethical Decision-Making: Some studies suggest that gender may play a role in ethical sensitivity, with differences in how men and women approach ethical problems in accounting. Regulatory Compliance: Stronger ethical supervision and adherence to financial laws might result from gender diversity in accounting businesses. Public Trust: Organizations with varied leadership, including those with gender-balanced teams might promote more transparency and trust among stakeholders. Influenced by several points of view, ethical accounting methods can aid in the avoidance of financial misbehaviour and foster a steady economic environment. The graph illustrates a significant gender disparity, with males comprising 75% of the population while females represent only 25%. This imbalance in gender distribution is expected to impact transparency, potentially leading to a decline in public trust. The mean score of 1.25 in gender implies that most individuals are positioned toward the lower end (female as shown in the graph) of the assigned gender scale. The standard deviation of 0.435 suggests some diversity in gender representation, but the overall distribution remains relatively stable without significant variation.

Figure 4.3 Age Group distributions table



Source: from survey data May 2025

#### 4.5 Education level distributions

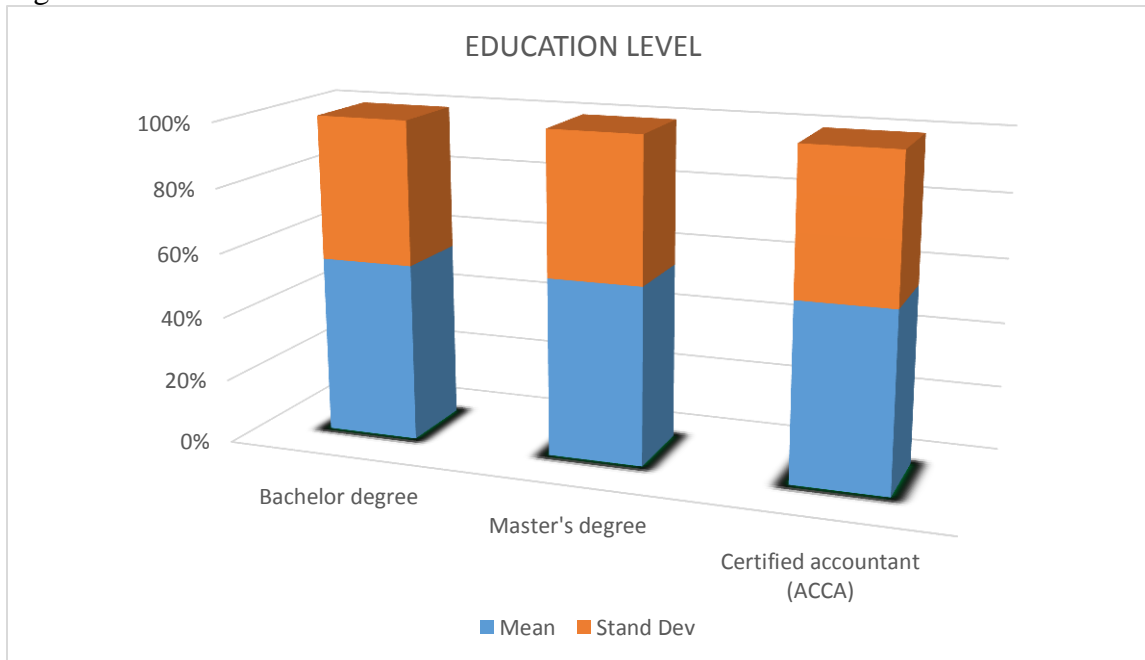
Figure 4.3.2 illustrates an overview of the participants' education level distribution, offering valuable insights into their composition within the study.

Education level has a major influence on moral standards in accounting; it affects several aspects including public trust and economic stability by:

Higher education typically has ethics training to help accountants recognize and maintain moral standards, therefore lowering financial misbehaviour. Well-educated professionals are more inclined to grasp and adhere to accounting rules, therefore guaranteeing openness and responsibility. Public Trust: By promoting confidence in financial reporting, ethical accountants help to build faith in companies and institutions. Excellent ethical grounding in accounting prevents fraud and financial crises, hence aiding economic stability.

The graph below indicates that, despite efforts to offer a broader range of educational options for assessment, respondents' education levels are predominantly classified into three categories: Bachelor's degree, Master's degree, and Certified Accountant (ACCA). Among these, Bachelor's degree accounts for 48.4%, Master's degree for 33.1%, and ACCA for 18.5%. The mean score of 3.89 reflects a high average education level, implying that most individuals have achieved considerable academic progress. The standard deviation of 1.106 indicates moderate variation, showing that while many have pursued higher education, there are still differences in educational attainment among individuals. According to the above definitions Education plays a crucial role in shaping ethical standards in accounting, influencing public trust and economic stability. Higher education provides ethics training, reducing financial misconduct and fostering responsible practices. Well-educated professionals are more likely to follow accounting regulations, ensuring transparency and accountability. Ethical accountants enhance confidence in financial reporting, strengthening institutional trust and preventing fraud, which supports economic stability. The data shows that most respondents hold Bachelor's degrees (48.4%), Master's degrees (33.1%), and ACCA certifications (18.5%), highlighting the importance of formal education in maintaining ethical integrity in the profession.

Figure 4.4 Education level distributions table



Source: from survey data May 2025

#### 4.6 Employment status distributions

Figure 4.1 illustrates an overview of the participants' employment status distribution, offering valuable insights into their composition within the study.

Ethical behaviour in accounting, public trust, and economic stability is much influenced by employment status. Here are their connections:

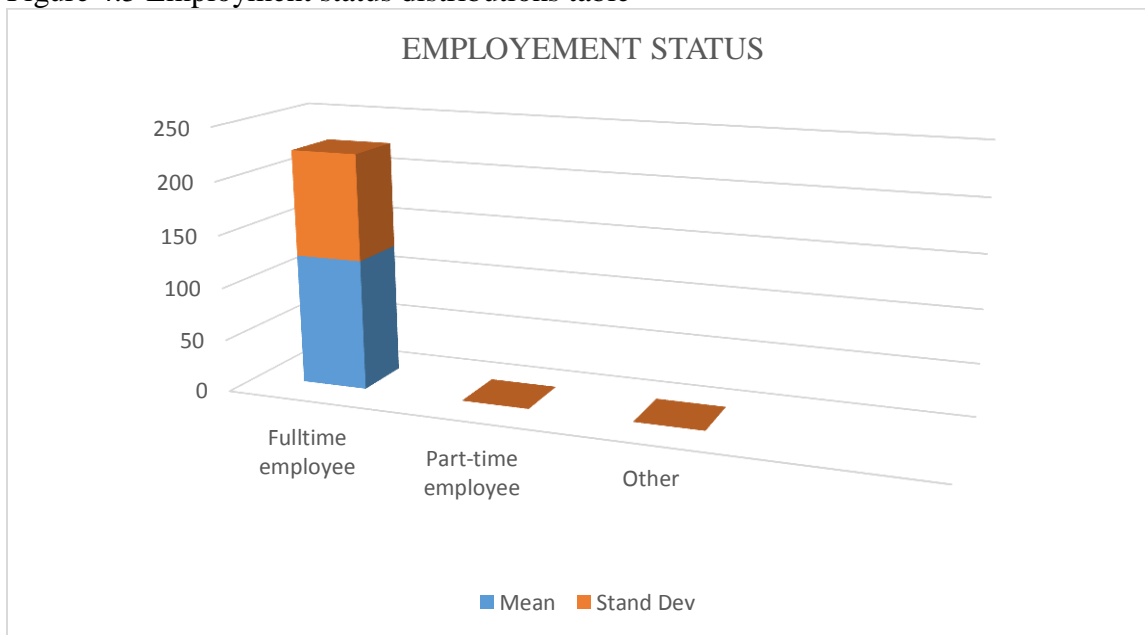
**Ethical Conduct and Job Security:** Stable, long-term employees might feel more responsible for ethical behaviour; those in temporary or unstable jobs may feel compelled to sacrifice ethics for quick profits. **Compliance with Regulations:** Freelancers or contract workers may work with less supervision, therefore impacting financial transparency, whereas full-time accountants in major companies usually stick to tight ethical standards.

**Public Trust:** Ethical breaches in accounting, such as fraud or misreporting, can undermine financial institutions' reputation. Professional employment status affects how people handle moral problems, therefore affecting stakeholder trust. Ethical accounting methods help to provide financial stability by guaranteeing honest reporting and helping to avoid fraud. Job conditions like perks and job security can influence how accountants maintain moral standards. On ethical alertness in accounting might provide more clarity. The below graph indicates that 100% of respondents are fulltime employees. The mean score of 1 and a standard deviation of 0 in

employment status indicate that everyone in the dataset shares the same status, with no variation. The value 1 likely represents a specific category such as "full-time employee" based on the data. According to the above definitions and ideas discussion, employment status affects ethical accounting, public trust and economic stability.

The study findings highlight the strong influence of employment status on ethical behaviour in accounting, public trust, and economic stability. Employees in secure, long-term positions tend to uphold ethical standards, while those in temporary or unstable roles may prioritize short-term financial benefits over integrity. Compliance with regulations also varies, as full-time employees in established firms typically follow strict ethical guidelines, whereas freelancers and contract workers often operate with less supervision. Public trust in financial institutions depends on ethical accounting practices, as misconduct can undermine reputations and stakeholder confidence. Ethical accounting ensures financial stability by promoting honest reporting and preventing fraud. Since all respondents in the study are full-time employees, the results indicate that job stability encourages stronger ethical accountability, reinforcing the link between employment security, transparency, and institutional trust that improve economic stability.

Figure 4.5 Employment status distributions table



Source: from survey data, May 2025

#### 4.3.5. Years of Experience in the field distributions

Figure 4.1 illustrates an overview of the participants' years of experience in the field distribution, offering valuable insights into their composition within the study.

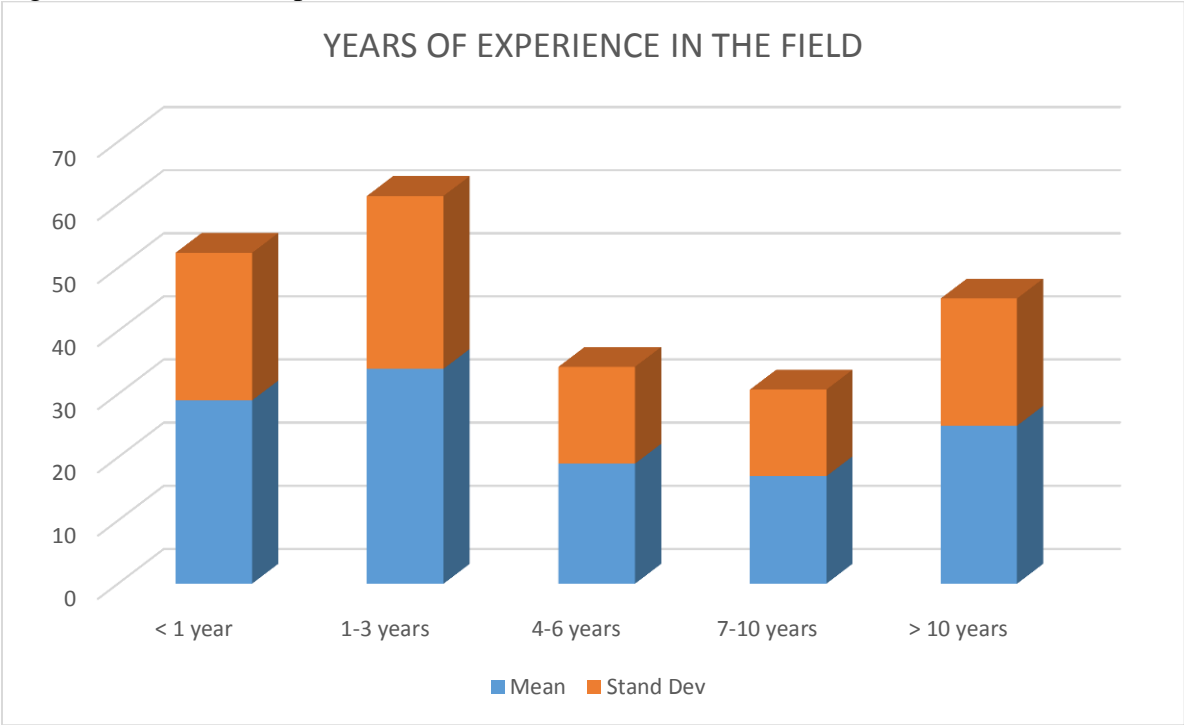
The chart provides an overview of the participants' years of experience in the accounting field, shedding light on the study's composition.

Experience in accounting plays a crucial role in ethical behavior, public trust, and overall financial health. When accountants have more experience, they tend to be more familiar with ethical guidelines and legal requirements. This familiarity helps to reduce the risk of unethical practices. Experienced professionals often build credibility, which enhances the trustworthiness of financial reports. This, in turn, fosters confidence among stakeholders. Furthermore, knowledgeable accountants can help prevent financial fraud, contributing to stable markets and boosting investor trust.

The following graph presents the years of experience reported by respondents. The survey revealed that 23.4% have less than one year of experience, 27.4% have between one and three years, 15.3% have four to six years, 13.7% have seven to ten years, and 20.2% possess more than ten years of experience.

The findings highlight the crucial impact of accounting experience on ethical conduct, public trust, and financial stability.

Figure 4.6 Years of Experience in the field distributions table



Source: from survey data, May 2025

#### 4.3.6 Size of Organization distributions

Figure 4.1 illustrates an overview of the participants' size of organizations they work in, offering valuable insights into their composition within the study.

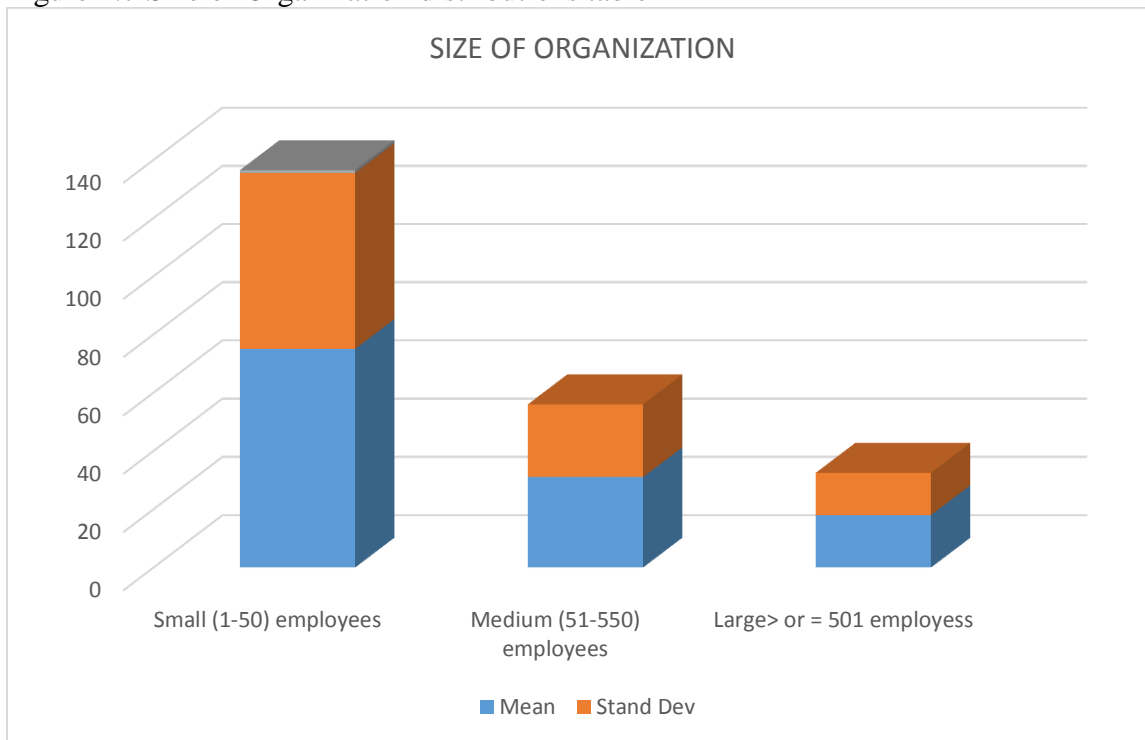
Organizational size can have a big impact on moral standards in accounting, public trust, and financial stability. Here's how:

Larger organizations have ordered ethical policies, legal supervision, and compliance systems often. But their financial misbehaviour risk may also be greater as evidenced in corporate scandals. Their openness in financial affairs has a direct effect on general economic stability and public confidence. Smaller businesses may have better stakeholder relationships, therefore promoting trust via personal accountability. Still, they can be exposed to financial misbehaviour if they lack formal ethical guidelines. Larger companies are bound to stricter regulations, therefore guaranteeing ethical accounting procedures. Smaller businesses, by contrast, could run with less supervision, therefore affecting their financial trustworthiness. Insights on how to improve ethical behaviour in organizations of various sizes would be welcome.

The survey data in the below graph indicates that, 60.5% of respondents work in small size companies, 25% in medium and 14.5% in large companies. The mean score of 1.54 implies that the average organization size in the dataset is fairly small and standard deviation of 0.737 suggests that organization sizes vary moderately some organizations are larger or smaller, but most incline to be on the smaller side overall.

The findings highlight the impact of organizational size on ethical standards in accounting, public trust, and financial stability. While larger organizations implement structured ethical policies, legal oversight, and compliance systems, they also face higher risks of financial misconduct, which can affect economic stability and stakeholder confidence. In contrast, smaller businesses often foster strong stakeholder relationships through personal accountability but may be more susceptible to financial misbehaviour due to a lack of formal ethical guidelines. Larger firms are subject to stricter regulations that ensure ethical accounting practices, whereas smaller businesses may operate with less supervision, potentially affecting their financial reliability. Survey results indicate that most respondents (60.5%) work in small businesses, 25% in medium-sized firms, and 14.5% in large corporations, underscoring the importance of ethical vigilance across different organizational structures to uphold trust and financial integrity.

Figure 4.7 Size of Organization distributions table



Source: from survey data, May 2025

#### 4.3.7 Religion distributions

Figure 4.1 provides a summary of the distribution of participants' religious affiliations, offering meaningful insights into their representation within the study.

Many researches finds religion to be a convincing variable as it can affect several facets of human behaviour, attitudes, and social systems. Researchers frequently look at things like when investigating its association with other variables.

**Social Values and Behaviour:** Religion influences ethical decision-making, moral convictions, and community involvement.

**Mental and Physical Well-being Research** indicate religious participation may be linked with less stress, better coping techniques, even better physical health.

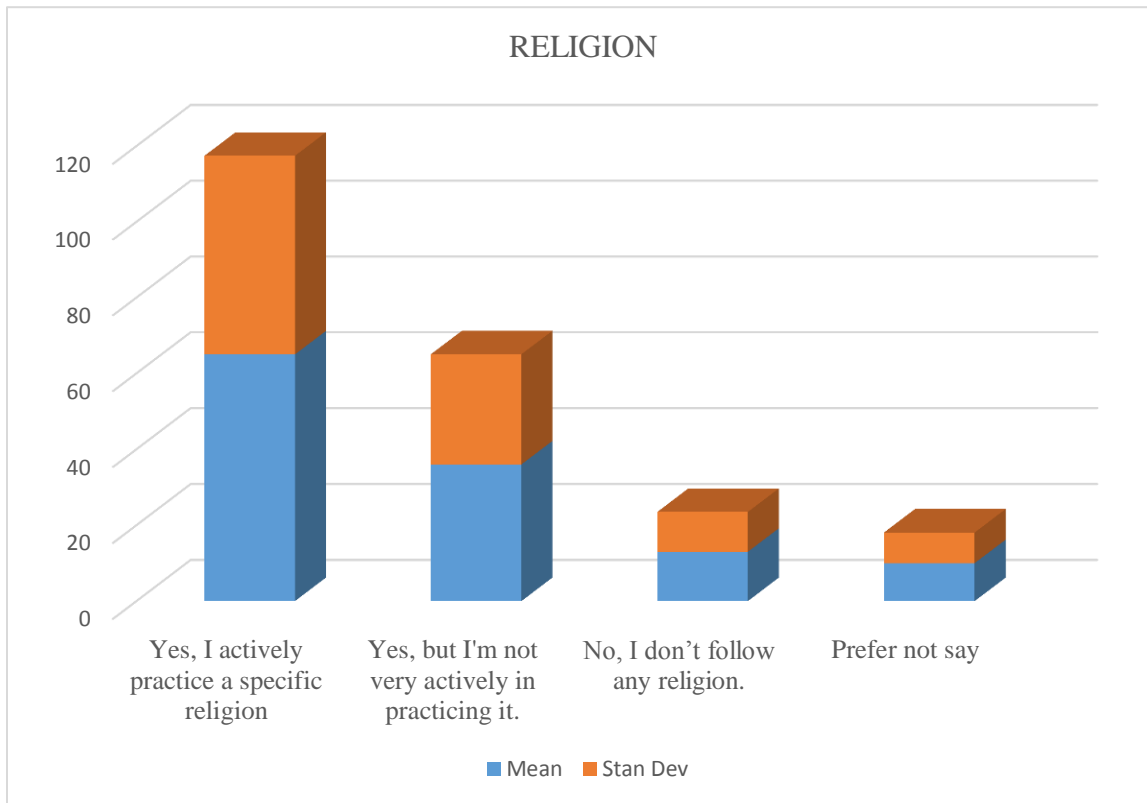
**Financial and Educational Results:** Religious affiliation can affect career choices, financial behaviour, and academic achievement.

**Views Political and Social Views** on government, social justice, and policy preferences are sometimes shaped by religious beliefs.

The survey data in the below graph indicates that, 52.4% are actively practice specific religion, 29% practice specific religion but do not actively, 10.5% do not follow any religion and 8.1% prefer not to say. The mean score 1.7 suggests that on average, responses related to religion are low on the given scale and the standard deviation of 0.945 indicates that there is some variation in people's views regarding religion. The above data implies that religion significantly impacts ethical accounting, public trust, and economic stability. Core religious values, such as integrity, honesty, and accountability, often guide ethical decision-making in accounting, promoting financial transparency and regulatory compliance while reducing the risk of fraud. This, in turn, enhances stakeholder confidence in financial institutions and corporate entities, reinforcing trust in financial reporting.

Moreover, religious beliefs can shape ethical business practices, encouraging fairness, corporate responsibility, and stakeholder engagement, which help boost investor confidence and economic stability. However, differing religious influences may lead to inconsistencies in ethical standards, potentially affecting financial reliability and economic security. The survey data reflects diverse levels of religious adherence among respondents, emphasizing that religion's role in ethical accounting and financial trust varies depending on individual and organizational perspectives.

Figure 4.8 Religion distribution table

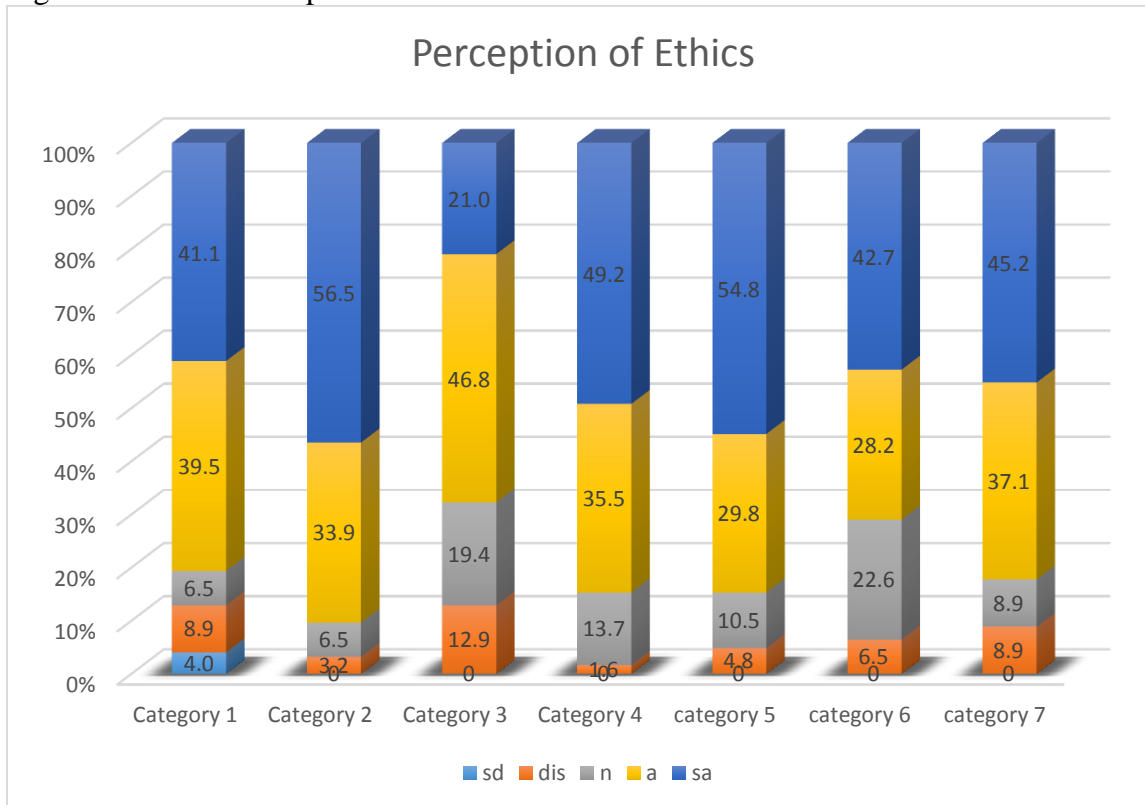


Source: from survey data, May 2025

#### 4.4 Ethics Perception:

1. Professional ethical standards and personal moral values significantly influence my ethical decision-making as an accountant.
2. Ethical principles play a vital role in ensuring the accuracy and reliability of financial reports.
3. Accountants face ethical dilemmas that significantly affect financial reporting decisions.
4. Organizations should implement stronger ethical training programs to improve financial reporting integrity.

Figure 4.9 Ethics Perception



Source: from survey data, May 2025

5. Ethical financial reporting improves stakeholder trust and corporate reputation.
6. Regulatory frameworks effectively promote ethical behaviour among accounting professionals.
7. Ethical guidelines like IFRS and GAAP provide accountants with structured frameworks for transparent and reliable financial reporting.

The survey data in Figure 4.3.7 provides insights into professionals' views on ethics in accounting. Respondents answered seven questions, with their responses depicted in the graph. In Question 1, which examines the role of ethical principles in ensuring financial report accuracy and reliability, 4% strongly disagree, 8.9% disagree, 6.5% remain neutral, 39.5% agree, and 41.1% strongly agree. A mean score of 4.05 indicates that, on average, respondents strongly agree that professional ethical standards and personal moral values significantly influence their ethical decision-making as accountants. Meanwhile, the standard deviation of 1.096 suggests moderate variation, meaning that while many individuals share this belief, others may have differing perspectives.

For Question 2, regarding ethical dilemmas in financial reporting decisions, 0% strongly disagree, 3.2% disagree, 6.5% remain neutral, 33.9% agree, and 56.5% strongly agree. A mean score of 4.44 indicates that respondents strongly agree that ethical principles are crucial in ensuring financial reports remain accurate and reliable. Meanwhile, the standard deviation of 0.757 suggests moderate agreement most individuals share this belief, but some responses may be slightly lower.

Question 3 also explores ethical dilemmas, showing 0% strongly disagree, 12.9% disagree, 19.4% remain neutral, 46.8% agree, and 21% strongly agree. A mean score of 3.76 suggests that respondents generally agree that accountants face ethical dilemmas that significantly impact financial reporting decisions. The standard deviation of 0.932 indicates moderate variation, meaning opinions differ, but most lean toward recognizing the ethical challenges accountants encounter. In Question 4, concerning the need for stronger ethical training programs to enhance financial reporting integrity, responses indicate that 1.6% strongly disagree, 0% disagree, 13.7% remain neutral, 35.5% agree, and 49.2% strongly agree. A mean score of 4.32 indicates that respondents strongly agree that organizations should implement stronger ethical training programs to enhance financial reporting integrity. Meanwhile, the standard deviation of 0.771 suggests moderate variation, meaning most people share this view, but with some differences in the strength of their agreement. Regarding Question 5, which discusses ethical financial reporting improving stakeholder trust and corporate reputation, results show 4.8% strongly disagree, 0% disagree, 10.5% remain neutral. With a mean score of 4.35 respondents, express strong agreement that ethical financial reporting boosts stakeholder trust and corporate reputation. The standard deviation of 0.856 reflects moderate variation, indicating that while most support this belief, a few may hold slightly different perspectives. Regarding Question 6, Regulatory frameworks effectively promote ethical behaviour among accounting professionals. Results show 0% strongly disagree, 4.8% disagree, 10.50% remain neutral, 29.8% agree and 54.8% strongly agree. A mean score of 4.07 suggests that respondents strongly agree that regulatory frameworks play a crucial role in promoting ethical behavior among accounting professionals. The standard deviation of 0.956 indicates moderate variation, meaning most individuals support this view, but some have differing perspectives on the effectiveness of regulations. Regarding Question 7, Ethical guidelines like IFRS and GAAP provide accountants with structured frameworks for transparent and reliable financial reporting. Results show 0%

strongly disagree, 8.9% disagree, 8.9% remain neutral, 37.1% agree and 45.2% strongly agree. A mean score of 4.19 suggests that respondents strongly agree that ethical guidelines like IFRS and GAAP provide accountants with structured frameworks for transparent and reliable financial reporting. The standard deviation of 0.932 indicates moderate variation, meaning most individuals share this perspective, though some may have differing levels of agreement

**Comparison across ethical perception:**

Table 4.2 comparison of perception of ethics

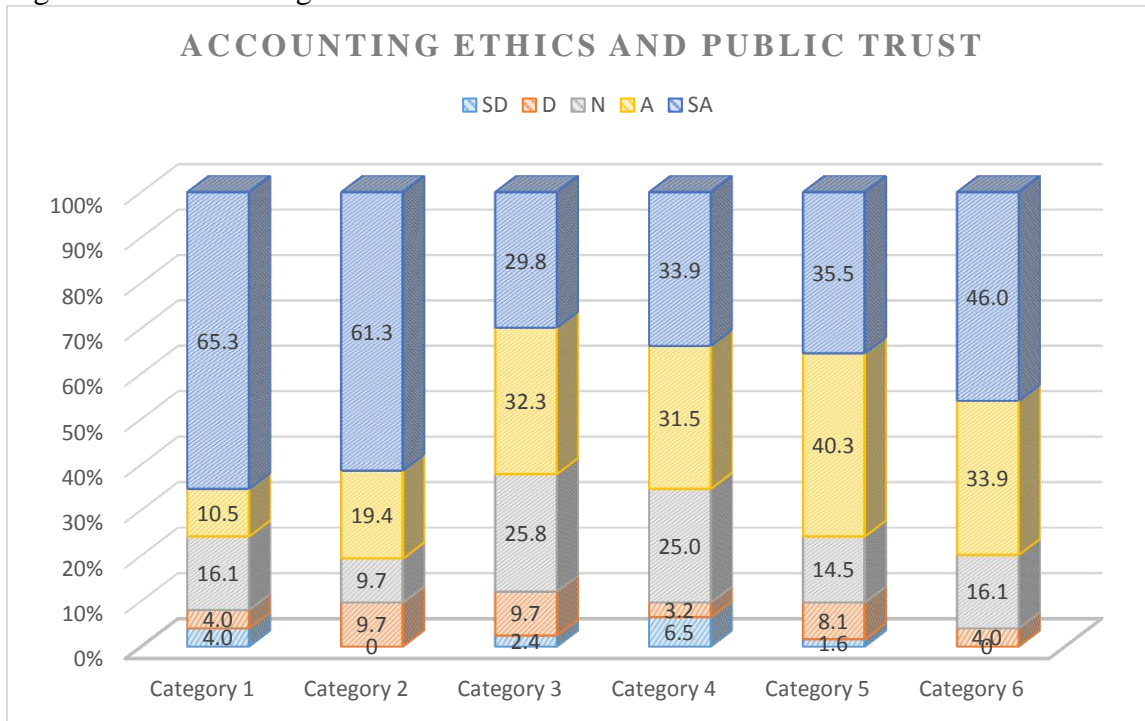
<b>Perception of ethics by professional</b>	<b>Mean</b>	<b>Stand Dev</b>
Professional ethical standards and personal moral values significantly influence my ethical decision-making as an accountant.	4.05	1.096
Ethical principles play a vital role in ensuring the accuracy and reliability of financial reports.	4.44	0.757
Accountants face ethical dilemmas that significantly affect financial reporting decisions.	3.76	0.932
Organizations should implement stronger ethical training programs to improve financial reporting integrity.	4.32	0.771
Ethical financial reporting improves stakeholder trust and corporate reputation.	4.35	0.856
Regulatory frameworks effectively promote ethical behaviour among accounting professionals.	4.07	0.956
Ethical guidelines like IFRS and GAAP provide accountants with structured frameworks for transparent and reliable financial reporting.	4.10	0.932

Source: survey data, May 2025

**4.5 Accounting practices and public trust:**

- 8. Unethical accounting practices significantly reduce public trust in financial institutions.
- 9. Fraudulent financial reporting contributes to economic instability and corporate failures.
- 10. Regulatory oversight and enforcement are effective in preventing unethical accounting practices.

Figure 4.10 Accounting Ethics and Public Trust



Source: from survey data, May 2025

11. Public awareness of unethical accounting practices influences confidence in financial markets.
12. Strengthening ethical guidelines and corporate governance can mitigate the negative effects of unethical accounting.
13. Unethical accounting practices have long-term consequences on economic growth and financial stability.

The survey data in Figure 4.3.8 provides insights into professionals' perceptions of the link between accounting practices and public trust. Respondents answered six questions, and their responses are depicted in the graph.

For Question 8, regarding the impact of unethical accounting practices on public trust in financial institutions, 0.04% strongly disagree, 0.04% disagree, 16.1% remain neutral, 10.48% agree, and 65.32% strongly agree. A mean score of 4.29 indicates strong agreement among respondents that unethical accounting practices significantly erode public trust in financial institutions. The standard deviation of 1.125 suggests moderate-to-high variation in responses, meaning that while many firmly believe in this impact, others may have differing perspectives

Question 9 examines fraudulent financial reporting and its contribution to economic instability and corporate failures, with responses showing 0% strongly disagree, 9.68% disagree, 9.68% neutral, 19.35% agree, and 60.48% strongly agree. A mean score of 4.19 indicates that respondents strongly agree that fraudulent financial reporting plays a major role in economic instability and corporate failures. The standard deviation of 0.932 suggests moderate variation, meaning most individuals share this view, but there are some differences in the degree of agreement.

Question 10 explores the effectiveness of regulatory oversight in preventing unethical accounting practices, where 2.42% strongly disagree, 9.68% disagree, 25.81% remain neutral, 32.26% agree, and 29.83% strongly agree. A mean score of 4.29 indicates that respondents strongly agree that regulatory oversight and enforcement are effective in preventing unethical accounting practices. The standard deviation of 1.125 suggests moderate-to-high variation, meaning that while many individuals share this belief, some have differing perspectives on the effectiveness of regulation.

In Question 11, which assesses the role of public awareness in influencing confidence in financial markets, results indicate that 6.45% strongly disagree, 3.23% disagree, 25% neutral, 31.45% agree, and 33.87% strongly agree. A mean score of 4.32 suggests that respondents strongly agree that public awareness of unethical accounting practices plays a significant role in shaping confidence in financial markets. The standard deviation of 1.00 indicates moderate variation, meaning while many share this belief, some hold differing levels of agreement.

Question 12 highlights the need for stronger ethical guidelines and corporate governance to mitigate unethical accounting's negative effects, with 1.61% strongly disagreeing, 8.06% disagreeing, 14.52% neutral, 40.32% agreeing, and 35.48% strongly agreeing. A mean score of 3.77 suggests that respondents generally agree that strengthening ethical guidelines and corporate governance can help mitigate the negative impact of unethical accounting. The standard deviation of 1.058 indicates moderate variation, meaning while many share this belief, some express differing levels of agreement. Finally, Question 13 examines the long-term consequences of unethical accounting on economic growth and financial stability, showing 0% strongly disagree, 3.23% disagree, 12.98% neutral, 27.34% agree, and 37.10% strongly agree. A mean score of 4.22 suggests that respondents strongly agree that unethical accounting practices have long-term consequences on economic growth and financial stability. The standard deviation of

0.861 indicates moderate variation, meaning most individuals acknowledge the impact, but some may have slightly different levels of agreement.

Table 4.3 Ethical accounting practices and public trust

<b>Ethical accounting practices and public trust</b>	<b>Mean</b>	<b>Stand Dev</b>
Unethical accounting practices significantly reduce public trust in financial institutions.	4.29	1.125
Fraudulent financial reporting contributes to economic instability and corporate failures	4.19	0.932
Regulatory oversight and enforcement are effective in preventing unethical accounting practices.	4.29	1.125
Public awareness of unethical accounting practices influences confidence in financial markets	4.32	1.0
Strengthening ethical guidelines and corporate governance can mitigate the negative effects of unethical accounting	3.77	1.058
Unethical accounting practices have long-term consequences on economic growth and financial stability	4.22	0.861

Source: from survey data, May 2025

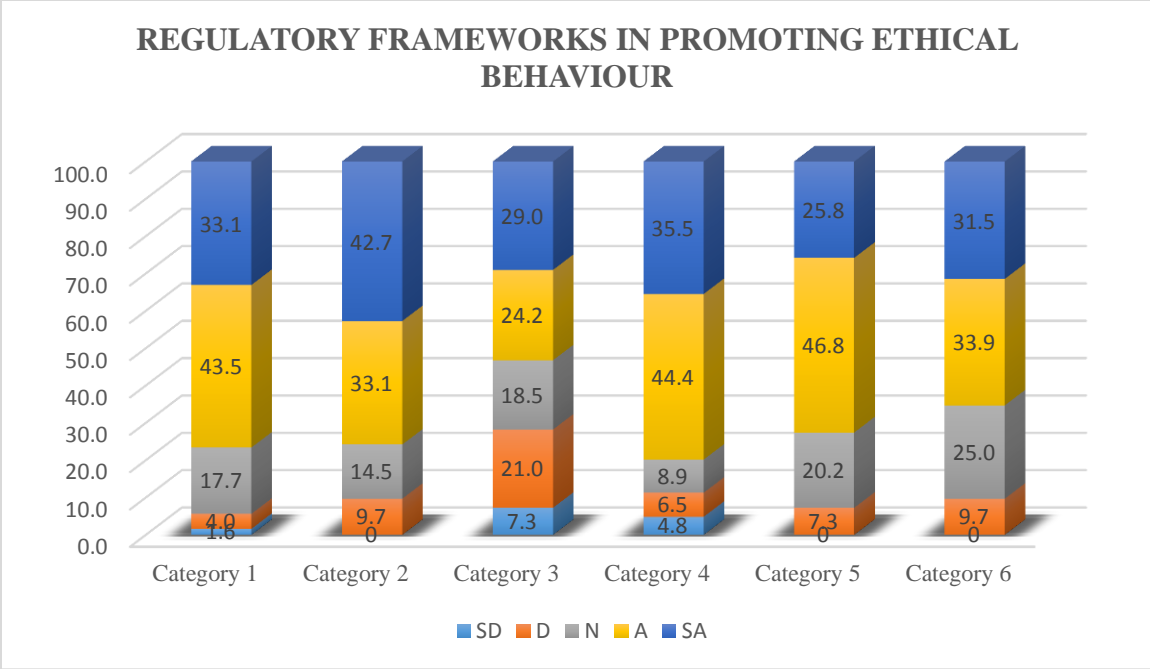
#### **4.6 Regulatory frameworks in promoting ethical behaviour:**

14. Regulatory frameworks effectively promote ethical behavior among accounting professionals.

15. Compliance with ethical standards improves the quality and transparency of financial reporting.

16. Accounting professionals receive adequate ethical training as part of regulatory requirements.

Figure 4.11 Accounting Ethics and Public Trust



Source: from survey data, May 2025

17. Stronger enforcement of ethical regulations reduces unethical accounting practices.

18. Regulatory bodies play a crucial role in shaping ethical decision-making among accountants.

19. Ethical compliance in accounting is higher in organizations with strict regulatory oversight.

The survey data in Figure 4.3.9 provides insights into professionals' perspectives on the relationship between accounting practices and public trust. Respondents answered six questions, with their responses illustrated in the graph.

For Question 14, which assesses the effectiveness of regulatory frameworks in promoting ethical behavior among accounting professionals, 1.6% strongly disagree, 4% disagree, 17.7% remain neutral, 43.5% agree, and 33.1% strongly agree. A mean score of 4.02 suggests that respondents strongly agree that regulatory frameworks play a crucial role in promoting ethical behavior among accounting professionals. The standard deviation of 0.906 indicates moderate variation, meaning while many support this view, some hold slightly different levels of agreement.

Question 15 examines the impact of ethical standards on the quality and transparency of financial reporting, showing 0% strongly disagree, 9.7% disagree, 14.5% neutral, 33.1% agree, and 42.7% strongly agree. A mean score of 4.09 suggests that respondents strongly agree that compliance with ethical standards plays a vital role in enhancing the quality and transparency of financial reporting. The standard deviation of 0.980 indicates moderate variation, meaning while most individuals support this view, there are some differences in the strength of their agreement

Question 16 evaluates whether accounting professionals receive sufficient ethical training as part of regulatory requirements, with responses indicating 7.3% strongly disagree, 21% disagree, 18.5% neutral, 24.2% agree, and 29% strongly agree. A mean score of 3.47 suggests that respondents have a moderate level of agreement that accounting professionals receive adequate ethical training as part of regulatory requirements. The standard deviation of 1.303 indicates high variation, meaning opinions on this issue differ significantly among respondents.

Question 17 explores the role of stricter enforcement of ethical regulations in reducing unethical accounting practices, where 4.8% strongly disagree, 6.5% disagree, 8.9% neutral, 44.4% agree, and 35.5% strongly agree. A mean score of 3.99 suggests that respondents generally agree that stronger enforcement of ethical regulations helps reduce unethical accounting practices. The standard deviation of 1.071 indicates moderate variation, meaning opinions differ, though most lean toward recognizing the effectiveness of stricter enforcement.

Question 18 highlights the influence of regulatory bodies on ethical decision-making among accountants, with 0% strongly disagree, 7.3% disagree, 20.2% neutral, 46.8% agree, and 25.8% strongly agree. A mean score of 3.91 suggests that respondents generally agree that regulatory bodies play a crucial role in shaping ethical decision-making among accountants. The standard deviation of 0.865 indicates moderate variation, meaning that while most individuals support this view, there are some differences in the degree of agreement.

Finally, Question 19 investigates ethical compliance levels in organizations with strict regulatory oversight, showing 0% strongly disagree, 9.7% disagree, 25% neutral, 33.9% agree, and 31.5% strongly agree. A mean score of 3.87 suggests that respondents generally agree that ethical compliance in accounting is higher in organizations with strict regulatory oversight. The standard deviation of 0.971 indicates moderate variation, meaning while many support this view, some have differing levels of agreement.

These responses reflect professionals' recognition of the importance of regulatory frameworks, ethical compliance, and enforcement in maintaining transparency and integrity in accounting practices.

Table 4.4 Regulatory frameworks in promoting ethical behaviour

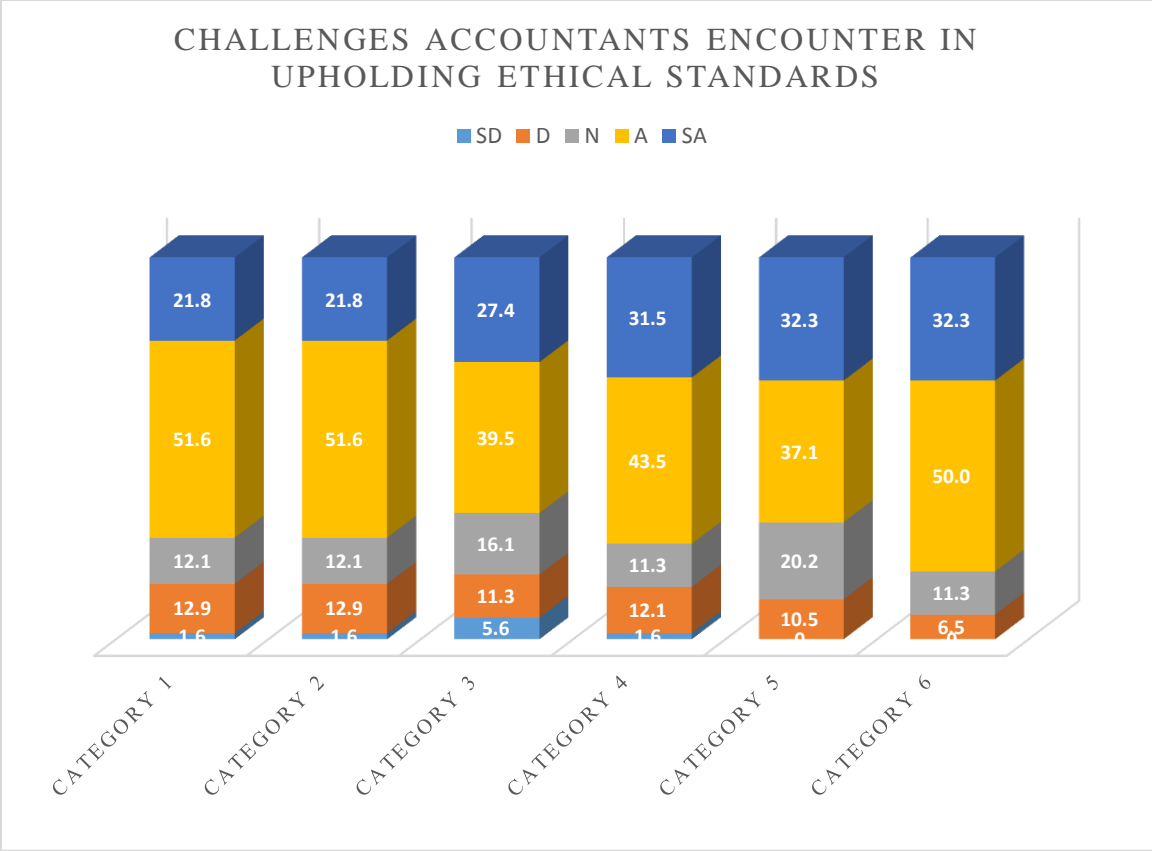
<b>Regulatory frameworks in promoting ethical behaviour</b>	<b>Mean</b>	<b>Stand Dev</b>
Regulatory frameworks effectively promote ethical behavior among accounting professionals.	4.02	0.906
Compliance with ethical standards improves the quality and transparency of financial reporting	4.09	0.980
Accounting professionals receive adequate ethical training as part of regulatory requirements	3.47	1.303
Stronger enforcement of ethical regulations reduces unethical accounting practices	3,99	1.071
Regulatory bodies play a crucial role in shaping ethical decision-making among accountants	3.91	0.865
Ethical compliance in accounting is higher in organizations with strict regulatory oversight	3.87	0.971

Source: from survey data, May 2025

#### **4.7 Challenges accountants encounter in upholding ethical standards.**

20. Accountants frequently encounter ethical dilemmas that complicate financial reporting decisions.
21. Pressure from management or clients influences accountants' ability to maintain ethical standards.
22. Regulatory frameworks provide sufficient support for accountants to maintain ethical integrity.

Figure 4.12 Challenges accountants encounter in upholding ethical standards



Source: from survey data, May 2025

- 23. Lack of ethical training and awareness contributes to unethical practices in accounting.
- 24. Financial incentives and conflicts of interest pose significant challenges to ethical decision-making in accounting.
- 25. Strengthening corporate governance and ethical oversight can help accountant’s overcome ethical challenges.

The survey data in Figure 4.3.9 provides insights into professionals' perspectives on the connection between accounting practices and public trust. Respondents answered six questions, with their responses reflected in the graph.

For Question 20, which evaluates how frequently accountants face ethical dilemmas in financial reporting decisions, responses indicate that 1.6% strongly disagree, 12.9% disagree, 12.1% remain neutral, while 51.6% agree and 21.8% strongly agree. A mean score of 3.79 suggests that respondents generally agree that accountants frequently face ethical dilemmas that complicate financial reporting decisions. The standard deviation of 0.982 indicates moderate variation, meaning opinions differ, though most acknowledge these challenges.

Question 21 explores the influence of management and client pressure on maintaining ethical standards, with identical response distribution: 1.6% strongly disagree, 12.9% disagree, 12.1% neutral, 51.6% agree, and 21.8% strongly agree. A mean score of 3.58 suggests that respondents moderately agree that pressure from management or clients affects accountants' ability to maintain ethical standards. The standard deviation of 1.060 indicates high variation, meaning opinions differ significantly on the extent of this influence.

Question 22 assesses whether regulatory frameworks provide sufficient support for ethical integrity in accounting, where 5.6% strongly disagree, 11.3% disagree, 16.1% neutral, 39.5% agree, and 27.4% strongly agree. A mean score of 3.72 suggests that respondents generally agree that regulatory frameworks provide sufficient support for accountants to maintain ethical integrity. However, the standard deviation of 1.152 indicates high variation, meaning opinions differ significantly on the adequacy of this support.

Question 23 highlights the impact of ethical training and awareness on preventing unethical practices, showing 1.6% strongly disagree, 12.1% disagree, 11.3% neutral, 43.5% agree, and 32.5% strongly agree. A mean score of 3.91 suggests that respondents generally agree that a lack of ethical training and awareness contributes to unethical practices in accounting. The standard deviation of 1.028 indicates moderate-to-high variation, meaning perspectives differ on how much inadequate training influences unethical behaviour.

Question 24 examines how financial incentives and conflicts of interest challenge ethical decision-making, with 0% strongly disagree, 10.5% disagree, 20.2% neutral, 37.1% agree, and 32.3% strongly agree. A mean score of 3.91 suggests that respondents generally agree that financial incentives and conflicts of interest create significant challenges to ethical decision-making in accounting. The standard deviation of 1.028 indicates moderate-to-high variation, meaning perspectives differ on how much these factors impact ethical decision-making.

Lastly, Question 25 underscores the role of corporate governance and ethical oversight in addressing ethical challenges, where 0% strongly disagree, 6.5% disagree, 11.3% neutral, 50% agree, and 32.3% strongly agree. A mean score of 4.08 suggests that respondents strongly agree that strengthening corporate governance and ethical oversight helps accountants navigate ethical challenges. The standard deviation of 0.832 indicates moderate variation, meaning while many support this idea, some hold differing views on its effectiveness.

These results highlight widespread recognition of ethical challenges in accounting, particularly the influence of external pressures and financial incentives, reinforcing the need for stronger governance, training, and regulatory support to uphold ethical integrity in financial reporting.

Table 4.5 Regulatory frameworks in promoting ethical behaviour

<b>Challenges accountants encounter in upholding ethical standards</b>	<b>Mean</b>	<b>Stand Dev</b>
Accountants frequently encounter ethical dilemmas that complicate financial reporting decisions	3.79	0.982
Pressure from management or clients influences accountants' ability to maintain ethical standards.	3.58	1.060
Regulatory frameworks provide sufficient support for accountants to maintain ethical integrity	3.72	1.152
Lack of ethical training and awareness contributes to unethical practices in accounting	3.91	1.028
Financial incentives and conflicts of interest pose significant challenges to ethical decision-making in accounting.	3.91	1.028
Strengthening corporate governance and ethical oversight can help accountant's overcome ethical challenges	4.08	0.832

Source: from survey data, May 2025

## **4.8 Discussion**

### **4.8.1 Summary of Findings**

Overview and Participation of respondents: The study received a 100% response rate, with 124 valid responses from professionals in four auditing, accounting, and consulting firms. This high participation enhances data validity and representativeness.

Data analysis was conducted using SPSS, focused on exploring the relationship between ethical accounting practices, public trust, and economic stability.

#### **Respondent Demographics**

Age: Majority (55.6%) were aged 25–34, followed by 20.2% aged 35–44. The mean age score of 2.44 indicates a predominantly mid-career group, suggesting a balanced view on ethical issues from professionals with some experience.

Gender: 75% were male and 25% female, revealing a significant gender imbalance. This disparity may influence organizational transparency and ethical sensitivity, potentially affecting public trust.

**Education:** Educational attainment was high, with 48.4% holding Bachelor's, 33.1% Master's, and 18.5% ACCA certification. The mean score of 3.89 and moderate variation (SD = 1.106) suggests that higher education contributes positively to ethical awareness, public trust, and financial accountability.

**Employment Status:** 100% of respondents were full-time employees. This uniformity implies job stability, which is associated with greater ethical accountability and regulatory compliance, thus enhancing economic stability and stakeholder trust.

**Years of Experience:** A spread of experience was reported: 23.4% had <1 year, 27.4% had 1–3 years, and 20.2% had >10 years. Experience was shown to play a critical role in reinforcing ethical standards, reducing misconduct, and enhancing credibility in financial reporting.

**Organization Size:** Most respondents (60.5%) were from small organizations, followed by 25% in medium, and 14.5% in large firms. Smaller firms may encourage personal accountability, while larger firms have more formal ethical frameworks, although they are at greater risk of large-scale misconduct. **Religion:** A majority (52.4%) actively practice a specific religion, with others less observant or non-religious. Religion was found to influence ethical decision-making, fostering integrity and responsibility in accounting. However, variation in religious adherence may result in inconsistent ethical standards across organizations.

### **Key Insights:**

Ethical accounting practices are deeply influenced by demographic factors such as education, experience, employment stability, and organizational size. Public trust and economic stability benefit when professionals work in structured environments have higher education, and strong moral or religious grounding. Gender disparity may present a challenge in promoting inclusive ethical cultures and should be addressed to foster broader stakeholder confidence. The consistent full-time employment status across respondents highlights a workforce that is well-positioned to support ethical integrity, although it also limits the study's comparison with freelance or part-time professionals.

### **4.9 Findings**

The study highlights several key ethical accounting challenges on financial reporting. A major concern is lack of strong ethical training, leading to gaps in ethical awareness and compliance among professionals. Many respondents acknowledge that ethical dilemmas significantly impact

financial reporting decisions emphasizing the need for better-quality ethical training and stronger guidelines in corporate governance.

Ethical financial reporting is widely recognized as crucial factor in raising stakeholder trust and enhancing corporate reputation. Professionals support the reinforcement of ethical standards understanding their direct influence on financial credibility and institutional trust. However, the study also notes minimal fraudulent financial reporting indicating some level of ethical adherence.

Regulatory oversight plays a role in maintaining financial integrity but enforcement and effectiveness need improvement. The lack of public awareness and continuous ethical accountability efforts contribute to compliance challenges. Many accountants experience ethical conflicts due to pressure from management and clients further emphasizing the necessity of clear ethical frameworks and governance structure.

Ultimately, organizations with strong ethical policies empower professionals to maintain transparency and integrity. Training and awareness programmes are essential in preventing unethical practices and strengthening ethical financial reporting overall.

#### 4.9 Comparison of referenced researches and my research

Table 4.6 comparison between referenced researches and my study

S#	Study	Ethical Issues Identified
1	Wenxuan et al. (2022)	Focuses on priority areas in ethical accounting, with legal and regulatory compliance rated as the highest concern.
2	Ahinful et al. (2017)	Highlights corporate governance lapses, fraud, and money-driven values undermining financial integrity.
3	Uvaneswaran & Shikur (2022)	Explores ethical concerns in Ethiopian public accounting, including fee undercutting, exaggerated claims, and lack of independence.
4	Fatoki & Ajayi (2015)	Finds ethical misconduct prevalent in Nigerian organizations due to insider abuses, poor managerial oversight, and weak enforcement mechanisms.
5	The Role of Ethical Practices in Accounting on Public Trust and Economic Stability - <b>My study.</b>	Identifies gaps in ethical training, governance failures, and pressure from management and clients leading to ethical dilemmas in financial reporting.

Source from literature review and findings section above.

## **2. Common Themes**

**Public Trust & Financial Integrity:** Many studies, including Wenxuan et al. (2022) and Ahinful et al. (2017), emphasize the role of ethical accounting in fostering public trust and preventing financial crises. **Regulatory Weaknesses:** Studies conducted in Ghana, Ethiopia, and Nigeria stress how insufficient legal enforcement allows unethical practices to persist. **Corporate Governance & Organizational Ethics:** Several studies argue that managerial decisions, internal corporate culture, and compliance frameworks shape ethical behaviour. **Ethical Training & Awareness:** Your research uniquely highlights gaps in ethical training among professionals, reinforcing the need for stronger education programs.

## **3. Differences**

**Regional Focus:** The studies focus on different regions China, Ghana, Ethiopia, and Nigeria providing a wide range of perspectives on ethical challenges in accounting. **Data Collection Methods:** Wenxuan et al. (2022) prioritizes ethical issues based on questionnaire responses, while other studies use surveys and case studies. **Approach to Ethical Oversight:** my research underlines the role of training in shaping ethical compliance, whereas other studies emphasize institutional enforcement and governance mechanisms.

In summary: my study aligns with existing literature in identifying ethical gaps in accounting, yet it provides a distinct perspective by highlighting the role of education and professional development. Strengthening regulatory oversight and ethical training programs are essential in reinforcing financial integrity building public trust and ultimately ensuring economic stability.

# CHAPTER FIVE

## 5. SUMMARY, CONCLUSION, AND RECOMMENDATION

### 5.1 Introduction

This chapter presents concise summary of the study findings and drawn conclusions from the data analysis and recommendations based on study results. The summary outlines the key points discussed in the preceding chapter highlighting findings regarding the role of ethical practices and in Accounting on Public Trust and Economic Stability. The conclusion provides summarized interpretations for the findings in light of the research objectives, while recommendations provide actionable insights and strategies aimed at

The chapter gives a brief account of the major findings, conclusions drawn from data analysis and implications of the findings. The overview underscores important takeaways from the last chapter: a focus on the role of accounting ethics in enhancing public trust and economic stability. Conclusion, summary interpretation of the findings relevant to study objectives is provided within the conclusion, giving a complete picture of the study population and implications. The recommendations suggest specific actions and initiatives that aim to improve ethics in accounting, increase financial transparency, build investor and stakeholder confidence, and underpin long-term economic growth and trust in financial markets.

### 5.2 Summary

The study explores how ethical accounting practices bolster public trust and economic stability in Ethiopian accounting and auditing firms. Using a descriptive research design and questionnaires, it identifies key challenges such as inadequate ethical training, weak regulatory enforcement, and low public awareness. It emphasizes the need for stronger ethics education, improved oversight, and clearer governance. The study concludes that firms with enforced ethical policies demonstrate greater transparency, and that strengthening ethical accountability is essential for sustaining trust and stability in the financial sector.

### 5.3 Conclusion

The study investigates the contribution of ethical accounting practices to strengthening public trust and promoting economic stability among selected accounting and auditing firms. Implementing a descriptive research strategy and survey-based analysis, the findings reveal

several critical insights. Ethical integrity in financial reporting is found to be significantly influenced by the level of professional training. A recurring theme is the lack of comprehensive ethics education, which compromises ethical decision-making and transparency. Addressing this deficiency requires targeted training and awareness initiatives. While regulatory frameworks exist, their effectiveness is undermined by weak enforcement and a lack of practitioner awareness. Although regulatory frameworks are present, ineffective enforcement and limited understanding among professionals hinder their impact. Strengthened oversight and clearer regulatory communication are essential for ensuring compliance. Besides, public understanding of ethical standards remains low, despite their importance in reinforcing stakeholder confidence and institutional credibility. This calls for improved outreach and engagement strategies. Accountants also frequently encounter ethical pressures from management and clients, highlighting the urgency of building strong corporate governance systems that support ethical resilience. The study emphasizes that organizations with clearly defined and consistently applied ethical policies exhibit stronger financial integrity. To achieve sustainable trust and economic stability, a combination of enhanced training, stricter regulatory enforcement, broader public awareness, and solid governance structures is crucial.

### **5.3 Recommendation**

Based on the study's findings the following recommendations are proposed to improve ethical practices in accounting and strengthen public trust and economic stability:

Expand ethical training and Education – design comprehensive training initiatives for accounting professionals focussing on real world ethical dilemmas and practical decision making strategies.

Improve regulatory oversight and enforcement – strengthen regulatory enforcement mechanisms to make sure consistent compliance, accountability and adherence to regulations.

Increase public awareness and engagement – implement continuous awareness campaigns to educate stakeholders on ethical accounting practices and their impact on financial integrity, public trust and economic stability.

Strengthen corporate governance standards – Promote strong ethical policies, well defined guidelines<sup>9</sup> and accountability frameworks to minimize conflict of interest within the organization.

Endure continuous ethical accountability – conduct regular audits and assessments to monitor compliance, ensuring long-term commitment to ethical standards and financial transparency.

By adopting these recommendations the accounting profession can cultivate a culture of integrity transparency and trust eventually strengthening financial stability public trust.

**For future researchers:**

- ❖ Exploring emerging technologies like artificial intelligence and blockchain could provide valuable insights into their impact on ethical accounting financial transparency and overall economic stability.
- ❖ Investigating aspects like corporate culture, leadership styles, and the expectations of stakeholders can shed light on ethical decision-making processes.
- ❖ It is important to evaluate the impacts of policies. Understanding how different regulations work the role of government and how they respond to financial crises can offer valuable perspectives.

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