



Analysis of the drivers affecting the position of the Islamic ethical system in the settings of Iranian accounting standards

Mehdi Bagheri

Department of Accounting, Sa.c., Islamic Azad University, Sanandaj, Iran
m.bagheri8701@iau.ir

Ali Mohammadi

Department of Accounting, Za.c., Islamic Azad University, Zanjan, Iran
(Corresponding author)
Ali.mohammadi1353@iau.ac.ir

Ataollah Mohammadi Molgharni

Department of Accounting, Sa.c., Islamic Azad University, Sanandaj, Iran
ata.mm@iausdj.ac.ir

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ABSTRACT

A study of Iranian accounting standards clearly shows that these standards are designed mainly based on international frameworks and without sufficient attention to the foundations of Islamic ethics. This gap shows that the integration of Islamic ethical principles into accounting standards can be proposed as a more comprehensive solution to strengthen ethical behavior in this profession. The accounting profession has also faced more or less ethical dilemmas in the competitive market for providing accounting services. The present study, using a descriptive-analytical method, seeks to investigate and analyze the drivers affecting the position of the Islamic ethical system in the formulation of Iranian accounting standards. Data collection was carried out using library and field methods. An expert-based statistical population with a sample size of 60 people was selected using snowball sampling. Descriptive tables, one-sample T-test, and structural equation modeling were used to analyze the data with the help of SmartPLS and SPSS software. The research findings showed that, in the context of the personal ethics component, the index of "maintaining public interests" with an average of 3.97 and "moral virtues" with an average of 3.87; in the ethical imperatives component, the index of "religious imperatives" with an average of 3.63 and "environmental imperatives" with an average of 3.78; in the professional ethics component, the index of "keeping trust" with an average of 3.93 and "providing desirable services" with an average of 3.83; in the social ethics component, the index of "human relations" with an average of 3.97 and "observing social norms" with an average of 3.70 received the highest scores. Also, the structural equation model shows that the highest impact is related to the professional ethics construct with a standard beta coefficient of 3.028 and the individual ethics construct with a standard beta coefficient of 2.644.

Keywords: social ethics; individual ethics; professional ethics; ethical imperatives; accounting standards



1. Introduction

Today, adherence to ethics in accounting is a topic worthy of study, as the accounting profession is no stranger to ethical crises. In recent years, we have witnessed financial scandals involving major companies such as Enron, Tyco, WorldCom, Adelphia, Xerox, and Global Crossing. The question that arises is why, despite the increase in the level of education of individuals employed in the accounting profession, society continues to suffer from such scandals? The occurrence of financial scandals in accounting is not a new topic, and we expect a new scandal to be the main headline of publications every day. Is the fault of the shortcomings in the laws, regulations and standards, or the unethical behavior of accountants? The incorrect reporting of financial statements of organizations is not due to the lack of scientific ability, but due to the lack of professional ethics among professional activists (Law; Davey and Hooper, 2018). Failure to observe professional ethics and behavior can undermine the work culture and ethic and consequently undermine the accounting profession. Professional ethics encompasses the value system and collective beliefs of the owners of a profession, which supervises the behavior, actions, and responsibilities of its members towards society, towards each other, and towards individuals who utilize the services of professionals in that profession (Forqandoost Haqiqi; Bani-Mahad and Vali-Lar, 2014: 42).

After the financial scandals and the collapse of the world's major companies in recent years, the groups pointing the finger at them were professional accountants and independent auditors. Because this question arises in public opinion that if accountants are responsible for providing useful, correct and reliable information, and the auditors are responsible for examining the quality, desirability and correctness of these information, why events occur that should not be taken into account by assuming the responsibility of these groups and their honest and ethical behavior. Therefore, in recent years, more emphasis has been placed on examining and reviewing issues of the accounting and auditing profession, especially on observing professional ethics and codes of conduct at the international level (Isa-pour, 2019: 36).

Without acceptance and gaining the trust of users, the provision of services by accountants is futile. Trust in services depends on trust in the provider, which in turn is contingent upon honesty and adherence to

ethical principles. Considering the vital role of accounting in the economic and social progress of society, as well as the importance of information for investors and creditors, ethics in the accounting profession is a central element (Etemadi; Khalilpour and Taghipourian, 2012: 2). On the other hand, ethics in Islam is not only as a set of guidelines but also as a comprehensive value system, the ultimate goal of which is to attain divine satisfaction, not merely to avoid punishment or gain material benefits (Mohammadi-Gilani, 1403: 43-44). This perspective beyond the legal requirements, can provide a solid foundation for the formulation of accounting standards. However, by examining the accounting standards of Iran, it is clearly observed that these standards are primarily designed based on international frameworks and do not adequately consider the foundations of Islamic ethics. (Isa-pour, 2019: 91). This gap shows that the integration of Islamic ethical principles into accounting standards can be considered as a more comprehensive solution to strengthen ethical behavior in this profession. The accounting profession has also faced various ethical dilemmas in the competitive market for providing accounting services. The two ethical principles of independence and impartiality, as well as integrity that should be observed in the provision of accounting services and thereby increase the quality of these services, are being undermined in the current market (Mohammadi-Gilani, 2024: 43-44). On the other hand, accounting and financial reporting standards, the observance of which is the basis for achieving the purpose of financial statements, namely meeting the information needs of users, must be formulated with regard to environmental conditions and characteristics (Khajavi; Sarmadina and Pourgodarzi, 2010: 26). Also, any unethical behavior in accountants results in losses in economic systems. Therefore, different accounting associations and groups try to design a code of ethics for accounting to guide accountants so that when they face ethical judgment, they can recognize the right course of action (Namazi and Rajab-Dari, 2019: 3). However, despite the importance of ethics in accounting and emphasizing Islam on moral values, Iran's accounting standards seem to lack a systematic approach to Islamic ethics. This is while Islamic principles can serve as a value framework, shifting standards from being merely technical to promoting social and ethical responsibility. Therefore, the main

question of this research is what are the effective drivers on the position of the Islamic ethical system in the formulation of accounting standards in Iran?

Theoretical foundations and background

Initially, the concept of professional ethics referred to work ethics and the ethics of professions. Today, some authors of professional ethics still use the original meaning of this concept to define it (Mir Taheri, 2017: 13). Terms such as Work Ethics or Professional Ethics are equivalent to work ethics or professional ethics in the Persian language (Arianpour Kashani, 2015: Below the word). Ethics and moral values can be likened to the foundation of the individual and social ecosystem of man, on which the stability and stability of a happy human life depend. But this high position will not have any effect until it is realized. On the other hand, the realization of ethics and the cultivation of individuals with moral virtues and values depends on acquiring external knowledge about the importance and value of ethics and the criteria for ethical action on one hand, and the existence of sufficient motivation for acting ethically within the individual and society on the other hand (Shahidi, 2021). Imam Ali (AS) states in Nahj al-Balagha that paying attention to the public interest in all situations and in all government organs and in all circumstances is preferable to private interest. Paying attention to this issue strengthens social forces and ultimately strengthens the Islamic government. It also seems from the text of the above sermon that the foundation of government and just rule is established with adherence to principles and criteria that, in extension, ensure the preservation of the public rights of the people, freedom of expression and thought for all groups and preferences, as well as the observance of ethical and religious principles and standards. In particular, the realization of the financial rights of the people from public funds is highly emphasized and regarded. The strengthening and improving social services and establishing Islamic wisdom is realized only by the center of the people (Pour-Ezzat; Kiani and Pour-Ezzat, 2015: 58-59). In this way, the beliefs, values, and beliefs of employees have received special attention from managers, leaders, designers, and planners of organizations, and are referred to in the field of organizational sciences and management as the 'psychological aspect of work'. Creating the capacity to imagine a common ideal of the future we seek has always inspired and motivated

societies and organizations, and without doubt, the existence of values and ideals and beliefs in the depths of communities and organizations has been the basis of their idealism and idealization (Deputy of Management and Human Capital Development, 2013: 10-11).

Factors Influencing Professional Ethics in Accounting

Examining the factors influencing professional ethics in the field of accounting shows that this subject is affected by various factors and aspects as described below:

- A. Individual Aspect: This refers to personal characteristics and traits, religious values, personal criteria, family factors, beliefs and convictions, and personality, all of which are influential factors on professional ethics from an individual perspective. Certainly, a person who lacks appropriate ethical qualifications from an individual perspective will not have the criteria of appropriate professional ethics.
- B. Organizational aspect: Factors such as leadership, management, communication with colleagues, communication with subordinates and superiors, the system of rewards and punishments, colleagues' expectations, laws and regulations and procedures, and the organizational climate and culture fall into this area. It is obvious that the undesirability of the aforementioned factors will be a threatening factor for professional ethics, and vice versa.
- C. Environmental aspect: This part of the factors includes economic, social, cultural, and political factors, as well as other organizations and competitive factors among them, which are also influential factors on professional ethics (Amiri; Hemmati and Mobini, 2022, p. 138).

Models of professional ethics in accounting

The Bartels Model: The first model of professional ethics was presented by 'Bartles' in 1967. A summary of the concepts related to his model is as follows:

- Ethics is the criterion of correct behavior recognition.
- Social interactions are the domain where moral judgment takes place.
- The economic and non-economic structure affects individual behavior.
- Expectations of an individual's role include ethical behavior from the individual.
- Social Laws are more than technical requirements based on moral judgment (Mirtaheeri, 2017: 83).
- The cognitive structure of the individual includes knowledge, values, beliefs, mindset and tendencies;
- Specific individuals in the organizational environment including managers, supervisors and employees and
- Situational conditions of an action (Bahrami and Mirtaheeri, 2016: 73).

The Reast Model: This model explains how different cognitive structures and processes involved in the core of the ethical decision-making process how do combined to create an individual's ethical behavior. He presents the four main and internal components of the ethical decision-making process. "Reast" developed a model of the process of ethical judgment growth of individuals based on Kohlberg's model (1981). The key points of his model are as follows:

- A. Ethical Sensitivity: This means interpreting the actions of individuals in relation to the overall assessment of a situation, the existence of an ethical problem, and how the actions of individuals affect others.
- B. Ethical judgment: Individuals must make decisions regarding what is right. In other words, a person can determine what action is morally right.
- C. Ethical Motivation: Ethical values based on this model are beyond individual values. Ethical values are generally the first thing to be considered in a decision. This stage involves the development of ethical intentions and defining what should really be done, and as part of this stage, the strengths and weaknesses of each decision are determined using the feelings and perceptions of the decision-maker.
- D. Ethical action: Ethical behaviors over time, according to this part of the model, individuals need to have integrity and self-awareness to always consider ethical values (Faramarz Ghramaleki, 2014, 128).

The "Ferrel & Gresham" model: Ferrel and Gresham (1985) presented a contingency framework for ethical decision-making, the fundamental factors of which are:

The "Boomer" model: "Boomer" (1987) presented a model in which six categories of factors influence decisions when faced with an ethical issue: 1. social environment; 2. legal/governmental environment; 3. work environment; 4. professional environment; and 5. personal environment (Mirtaheeri, 2017: 90).

The Accounting Ethics Principles

The ethical principles of accounting that are common to almost all accounting associations and serve to achieve the goals of this profession are as follows:

Integrity: A professional accountant must be honest in his professional relationships and transactions. An honest accountant can help the profession of accounting. Simply put, if this principle is not upheld, other principles will not exist because the requirement for observing to other principles is integrity. This means that every person believes that God sees him(her) at all times and must act well in all circumstances.

Objectivity: A professional accountant must consider the facts in his or her professional judgment and business, and must not allow prejudice, bias, conflicts of interest, or the influence of others to impair his or her objectivity in providing professional services.

Professional competence and care: A professional accountant should accept services that he or she is capable of performing and, where necessary, be able to use the cooperation or consultation of others. The professional accountant must enhance his or her professional knowledge and skills in the field of new developments, methods and techniques, and laws and regulations to the level to which the customer or his or her employer will ensure that he or she enjoys effective professional services.

Confidentiality: A professional accountant must consider information obtained during the provision of professional services as confidential and must not disclose such information without the explicit permission of the customers or employer, unless

legally or professionally required to disclose such information.

Professional Behavior: A professional accountant should treat others with courtesy and respect while performing their duties. He/ She must also comply with laws and regulations and refrain from any actions that could bring the profession into disrepute.

Professional standards: A professional accountant must provide professional services based on professional standards. The services provided must skillfully and accurately comply with the requirements of the employer and at the same time with the requirements of honesty, objectivity and professional independence (Farhad Touski, 2022: 38).

The Ethical Rules of the Association of Management Accountants

The ethical rules of the Management Accountants Association encompass a wide range of ethical principles including: confidentiality, fairness, objectivity, and accountability. Members of the association are obliged to adhere to the above rules and must invite other members of the organization to follow these rules. Following the proposed ethical rules, a set of ethical standards has been provided by this association, which include: competence and capability, confidentiality, integrity, and accreditation. In the applying the above standards, the use of legal consultants and supervisors has been suggested to provide constructive solutions (Jabbarzadeh Kangarluei et al., 2011: 5).

Ethical rules of the American Institute of Certified Public Accountants

The ethical rules of the American Accountants of Certified Public Accountants consist of two parts: principles and rules. The Principles section provides a framework for applying rules and controlling professional practice and includes accountability, public interest, integrity, objectivity, independence and adequate care. In general, there are 5 categories of principles that monitor and control the ethical behavior of members, which are as follows (Oddo, 2007: 24):

- A. Independence, integrity and objectivity;
- B. Accepted accounting standards;
- C. C Establishing responsibilities for customers;

- D. Establishing responsibilities for members of the profession;
- E. Other responsibilities and departments (Jabbarzadeh Kangarluei et al., 2011: 5).

Ethical Rules of "IFAC"

The International Federation of Accountants' rule of Ethics emphasizes the acceptance of responsibility for the public interest and states that the responsibility of the professional accountant is not just to meet the needs of employees and customers. These ethical rules include three parts:

- Part A: This part establishes the fundamental principles of professional ethics for professional accountants and provides a conceptual framework for applying these principles.
- Part B: This part describes how to apply the conceptual framework in specific circumstances for professional accountants.
- Part C: This part includes the use of the expertise of professional accountants in business matters. In general, the ethical rules of "IFAC" emphasize that accountants must adhere to the fundamental principles of integrity, professional competence, Integrity, objectivity (impartiality), adequate care, confidentiality, and professional behavior (Oddo, 2007: 26).

2. Literature Review

Moezi (2024) in a study titled 'The Role of Islamic Ethics in Accounting' showed that accountants' information must be efficient, reliable, true, and impartial; For this purpose, in addition to skill and continuous education, we need ethics and moral virtues such as integrity and realism. Institutionalizing Islamic ethics in accounting education can enhance both behavioral status and cultural values and address the shortcomings of an ethics based solely on rationalism.

Zafari (2022), in a study titled 'Examining Factors Influencing the Professional Ethics of Auditors and Accountants,' showed that the evolution and public trust in the accounting profession is directly dependent on adherence to professional ethical principles. In Iran, this issue has not yet been adequately addressed, while the future of the accounting profession requires leaders who guide accountants towards integrity and ethics by

articulating the importance of ethical standards and teaching integrity.

Farhad Touski (2022) in a study titled "Ethics in Accounting" showed that society expects accountants to provide real, reliable, honest, and impartial information. Observing these principles can help reduce financial scandals, distortions, and financial fraud.

Eqbalpour (2021) in a study titled "The Impact of Personal Ethics and Professional Ethics in Accounting on the Relationship Between Internal Control and the Likelihood of Fraud in Financial Statements" demonstrated that there is a significant relationship between personal and professional ethics in accounting and the level of fraud control in financial statements. The findings suggest that as personal and professional ethics increase, the likelihood of fraud also decreases.

Garkaz and Eimer (2021) in a study titled "Investigating the Impact of Social Insight on Decision-Making and Its Importance in Accounting Ethics Education" found that the opinions of others about ethical issues can influence the ethical judgments of accountants, and the acceptance of a situation as ethical or unethical by others can serve as a basis for accountants' decision-making.

Khajavi; Sarmadinia and Pourgodarzi (2020) in a study titled 'A Conceptual Framework Based on Ethics for Accounting and Financial Reporting with an Analytical-Critical Approach' demonstrated using content analysis that basing accounting and financial reporting on ethical values can lead to the realization of the primary role of accounting, which is transparency.

Sadat-Kaboli et al. (2020) in a survey study titled "The Effectiveness of Schwartz's Motivational Values and Professional Ethics in Accounting on Fraudulent Financial Reporting" showed that the motivational values of managers can directly predict the fraudulent behavior of reporting unit managers through their influence on adherence to professional ethics.

Nanda et al. (2025) "Nanda and colleagues" (2025) in a study titled "Local Wisdom 'Siri Na Pacce' regarding the ethical practices in the accounting profession" demonstrated through a qualitative ethnographic approach using a case study method that these values significantly influence the ethical decision-making, integrity, and social responsibility of accountants. As a result, it is suggested that utilizing this local wisdom in education and activation of ethical

principles will enhance professional behavior and accountability in the accounting environment.

The results of the study by Momeh et al. (2025), titled "Corporate Scandal and Business Ethics: The Role of Professional Accountants in Nigeria," indicated through a survey of 125 accounting employees that financial corruption, company size, integrity, professional skills, and adherence to ethical codes have significant relationships.

Abdurrahman (2025) in a study titled 'Developing an Islamic Accounting Curriculum for Achieving Competitive Advantage' showed that limited support, a shortage of expert instructors, a lack of awareness of Islamic financial principles, and challenges in alignment with international standards are the main obstacles. Providing solutions to overcome these challenges and exploiting Islamic accounting education as a competitive advantage is essential for the Islamic finance industry to lead in a competitive market.

Benkraiem et al. (2021) in a study titled 'Ethical Behavior, Audit Power, and Tax Evasion' concluded that policies need to support the ethical behavior of companies as an informal institution. Also, strengthening auditing standards as a formal institution can help reduce tax evasion.

Marzuki et al. (2017) titled "Teaching Self-Efficacy of Accounting Academics and Integrating Ethics in Accounting Courses" demonstrated that the attitudes, support, and backing of officials in educational institutions have a direct impact on the expansion of accounting ethics education in university curricula.

Convery & Outslay (2016) in a study titled "Assessing of Professional Ethics in Taxation" found that students who received adequate training provided similar or even better responses than expected when faced with situations related to the code of professional conduct and social responsibilities.

A review of the presented literature shows that Islamic and professional ethics in accounting play a key role in promoting transparency, public trust, reducing financial fraud, and improving financial reporting. Education and institutionalization of ethical values, whether through university curricula or by utilizing local wisdom and cultural values, can improve the professional behavior of accountants. Also, challenges such as specialized training, lack of alignment with international standards, and weak institutional support

are serious obstacles to the implementation of the Islamic ethics system in Iranian accounting. In summary, the drivers for the position of the Islamic ethics system in the development of Iranian accounting standards include: education, culture building, institutional support, the role of professional leaders, and attention to indigenous and religious values.

The strengths of the present study compared to the previous studies include the following:

- The diversity of domestic and foreign studies has covered various aspects of professional and Islamic ethics.
- Emphasis on the role of education, culture, and indigenous and religious values in promoting accounting ethics.
- Reference to the administrative and institutional challenges that are important for developing indigenous standards.
- Examination of the impact of individual, social, and organizational factors on the ethical behavior of accountants.

The weaknesses of the literature compared to the present study include the following:

- Some studies focus more on professional ethics in general and do not directly address the Islamic ethical system and the development of Iranian accounting standards.
- There is a lack of field and applied research in the field of practical implementation of the Islamic ethical system in Iranian accounting standards.
- Some literature has paid less attention to Iran's specific challenges and cultural and institutional differences and has mostly focused on general or international findings.
- Overall, the reviewed literature provides a comprehensive picture of the importance and challenges of Islamic ethics in accounting and emphasizes the need to pay attention to education, culture building, and institutional support to enhance the position of the Islamic ethical system in the development of Iranian accounting standards.

3. Methodology

In this study, a descriptive-analytical method was used to analyze the driving affecting the position of the Islamic ethics system in the formulation of accounting standards in Iran, with a developmental-applied

purpose. To collect research data, library studies were used to provide theoretical foundations and a conceptual framework, along with field studies (survey) using questionnaires. Given the specialized nature of the research topic, the research community includes specialists, experts, and professionals in the fields of finance and accounting, who were selected using the snowball and chain sampling method, which is a non-probabilistic sampling method and this method is for times when the units of studied may not be easily identifiable. The sample size was selected using saturation or judgmental (purposive) sampling, and theoretical saturation was achieved after interviewing 60 people. The statistical population and sample distribution are as follows:

Table 1. Status of the community and research sample

The studied unit	Sample size
Academic faculty members of universities in various fields of finance and accounting	21
Faculty members of universities in the fields of religious sciences	19
Specialists, experts and reporters in the fields of finance and accounting	20
total sum	60

Data collection was done using the interview method and a structured questionnaire tool. To ensure the validity of the tool, the following were considered:

- Long-term engagement of the researcher with the research environment;
- Triangulation by collecting evidence from different sources including: different theories, different people, diverse information sources and different methods;
- External control of the research through a third-party review or report.
- Enlightening experts and experts from the very beginning about their possible biases by mentioning previous experiences, biases and tendencies that may have shaped the interpretations and approaches of the study;
- Using the opinions and opinions of external reviewers.
- Also, the reliability coefficient obtained by factor analysis test was 0.703%, which is acceptable. Considering the opinions of the statistical community, the output of the final indicators in the form of a conceptual model is as shown in Figure 1.



Figure 1. Conceptual research model

Statistical tests appropriate to the research questions have been used for data analysis in the SPSS and SmartPLS software environment. First, descriptive statistics and a one-sample T-test were used to determine the status of the drivers affecting the position of Islamic ethics in the development of accounting standards in Iran. In the next stage, using the Structural Equation Model testing based on the least squares method, the causal relationships and the impact of the research drivers on the Islamic ethics system in the development of accounting standards were examined.

4. Results

Based on the components obtained from the interview section with experts and specialists in the field of accounting ethics, the questionnaire questions were designed in 4 axes (including the variables: personal ethics (8 items), ethical imperatives (4 items), professional ethics (15 items), and social ethics (4 items)) and the Delphi panel members (respondents) were asked to express their opinions on the components related to each variable. Table 2 presents the findings related to the variables:

In the context of the personal ethics component, the index of "protecting public interests" received an average of 3.97 and "ethical virtues" received an average of 3.87; in the ethical necessities component, the index of "religious requirements" received an average of 3.63 and "environmental requirements" with an average of 3.78; in the professional ethics component, the index of "keeping trust" received an average of 3.93 and "providing desirable services" received an average of 3.83; in the social ethics component, the index of "human relations" received an average of 3.97 and "observing social norms" received an average of 3.70, achieving the highest scores.

After examining the descriptive statistics of the indicators, the KMO test based on exploratory factor analysis was used to confirm the structural validity of the data. Since the numerical value of the KMO index is 0.703 (the appropriate index is greater than 0.6), the number of statistical samples for factor analysis is sufficient and the significance level of the Bartlett test is less than 0.05 percent, as stated. Given that the significance level is less than 0.05, it can be said that the factors have a significant correlation with each other and the relationship between the items can be explained.

Table 2. Descriptive statistics of the research indicators categorized by components.

Variable	Index	average	standard deviation	Variable	Index	average	standard deviation
Individual ethics (average 3.18)	Enjoining good	2.97	1.474	Professional Ethics (Average 3.10)	Respect for Customers	3.13	1.167
	Observing order and discipline	3.00	1.050		Maintaining trust	3.83	0.747
	Protecting public interests	3.97	1.098		Professional knowledge	2.80	1.324
	Avoiding fraud	3.13	1.358		Confidentiality and confidentiality	3.50	0.777
	Religion and beliefs	2.93	1.337		Fairness in reporting	2.97	1.245
	Observing the principle of impartiality	2.87	1.306		Quality of information in reporting	3.63	0.890
	ethical virtues	3.87	1.042		Professional responsibility	2.93	1.258
	forbidding wrong	2.67	1.348		Customer-oriented	2.70	1.343
Ethical Requirements (average 3.33)	Professional Requirements	2.83	1.262	Consultation and collaboration	2.90	1.348	
	Religious Requirements	3.63	0.850	Code of ethics	2.63	1.273	
	Legal Requirements	2.97	1.326	Compliance with laws and regulations	2.73	1.258	
	Environmental Requirements	3.87	0.860	human communication	3.97	0.850	
Professional ethics	Providing desirable services	3.93	0.828	Social Ethics (Average 3.39)	Social responsibility	2.87	1.332
	Fairness and Integrity in Reporting	2.83	1.315		Observing social norms	3.70	0.952
	Organizational Commitment and Belonging	2.93	1.461		monitoring and assessment	3.03	1.351
	Responsiveness	3.00	1.287				

Source: Research findings, 2025

Table 3. Review of the status of the effects of drivers on accounting ethics

KMO Index	0/703
Bartlett Test	2/451
Degrees of Freedom	59
Significance Level	0/000

Source: Research findings, 2025

In this part of the study, the average variance extracted (AVE) index has been used to evaluate the construct validity of the model. According to Magner et al., the minimum acceptable value for this index is 0.5. The results indicate that this index has been above 0.5 in all dimensions of the construct studied. Therefore, the latent variables have been able to explain more than 50 percent of the observable variance and in this way, the convergent validity of the present model is confirmed. In addition, the average variance extracted (AVE) and composite reliability (CR) tests were used in this study to explain the shared index and the convergent validity of the criteria. This index generally reflects the model's ability to predict the correlation of the construct with

the relevant indices. Positive values above 0.5 for the average variance extracted (AVE) in the constructs indicate the appropriate quality of the measurement model. Additionally, the obtained values for the convergent validity index have all been positive, therefore, the quality of the measurement model is confirmed.

At this stage, using confirmatory factor analysis, the drivers affecting the position of the Islamic ethics system in the development of accounting standards in Iran were conducted with a structural equation model. Based on the numerical values related to the factor loadings, the estimated coefficients of all paths are significant. The standardized parameter values for

each of the dimensions and items related to the drivers affecting of the position of the Islamic ethical system in the formulation of accounting standards in Iran indicate the strength of the factor loading on the factor (latent variable) and based on the results obtained from the structural equation model, the calculated value of χ^2/df for the three drivers enhancing organizational

health in the banking system of the country is greater than 1.96, therefore, it can be inferred that the causal model considered for explaining the drivers affecting of the position of Islamic ethics in the formulation of accounting standards in Iran has a goodness fit.

Table 4. Results and components of the factor analysis of items and the construct validity coefficients of the criteria.

(CR)	(AVE)	Cronbach	Factor Loading	Items	(CR)	(AVE)	Cronbach	Factor Loading	Items
.924	.067	.912	0/633	M1	.940	.040	.933	0/642	D1
			0/646	M2				0/613	D2
			0/616	M3				0/62	D3
			0/622	M4				0/551	D4
			0/666	M5				0/628	D5
			0/611	M6				0/635	D6
			0/662	M7				0/602	D7
			0/577	M8				0/696	D8
			0/63	M9				0/536	E1
			0/641	M10				0/63	E2
			0/597	M11				0/611	E3
.941	.049	.923	0/68	B1	.942	.006	.938	0/657	E4
			0/649	B2				0/648	F1
			0/64	B3				0/607	F2
			0/641	B4				0/632	F3
								0/54	F4

Investigating the status of drivers affecting accounting ethics using a single-sample T-test

Examining the status of drivers affecting accounting ethics using a single-sample T-test shows that the statistical value of the professional ethics index (with a coefficient of $t = 37.31$) and personal ethics (with a

coefficient of $t = 36.02$) has obtained the highest score. Consequently, in order to improve the position of the Islamic ethical system in Iranian accounting, special emphasis should be placed on professional ethics and personal ethics.

Table 5. Status of drivers affecting accounting ethics using one-sample t-test

	Basis of t-test						
	t	degrees of freedom	significance	Average	Difference from the average	Confidence interval at the 95 percent level	
						Lower limit	Upper limit
Social Ethics	31.50	29	0.000	3.39	3.4	3.2	3.6
Individual Ethics	36.02	29	0.000	3.18	3.2	3.0	3.4
Ethical Necessities	29.06	29	0.000	3.33	3.3	3.1	3.6
Professional Ethics	37.31	29	0.000	3.10	3.1	2.9	3.3
Total (Accounting Ethics)	48.36	29	0.000	3.25	3.2	3.1	3.4

Source: Research findings, 2025

Investigating the causal relationships between drivers affecting accounting ethics with the structural equation model

Considering the four dimensions and characteristics of research and their role in promoting the position of Islamic ethics system in Iranian accounting, it has been determined to determine the level of explanation and predictability of propellants. In this research, 'the position of the Islamic ethics system in accounting in Iran' is considered as the dependent variable, and the effects of the four drivers are regarded as independent variables. The existence of complex multivariate models in spatial studies that include the simultaneous analysis of k independent variables and n dependent variables, leads to the need to simultaneously estimate the need for confirmatory factor analysis with path analysis. On the other hand, the application of structural equation modeling maintains the integrity of the research model. Furthermore, to examine the significance of the relationship between the various dimensions and the variable "the position of the Islamic ethical system in accounting in Iran", on one hand, and on the other hand, the relationship between the constructs related to each of the four dimensions with the dimension in question was utilized (Figure 3 and Table 5). The results of the structural equation model indicate that all relationships are significant.

Because the standard beta coefficient of all indices is higher than 1.96. In this regard, the greatest impact is related to the professional ethics construct with a standardized beta coefficient of 3.028, and the personal ethics construct with a standardized beta coefficient of 2.644. As a result, to achieve a coherent mechanism in improving the position of the Islamic ethics system in accounting in Iran, we need to strengthen the infrastructure of professional ethics and personal ethics in the organizational management system in financial and accounting (Figure 4)

The findings of Table 5 are intended to complement the findings of Figure 4. According to the analytical calculations of the path, the highest factor influencing the improvement of the position of the Islamic ethics system in accounting in Iran is related to the professional ethics index with a coefficient of 3.028 and a significance level of 0.000, and the individual ethics construct with a coefficient of 2.644 and a significance level of 0.000. The least influence is related to the index of moral necessities with a coefficient of 1.963 and a significance level of 0.000. This amount of the influence index of ethical necessities indicates that the statistical community is not satisfied with the status of professional, religious, legal, and environmental requirements and evaluate the current situation as unfavorable.

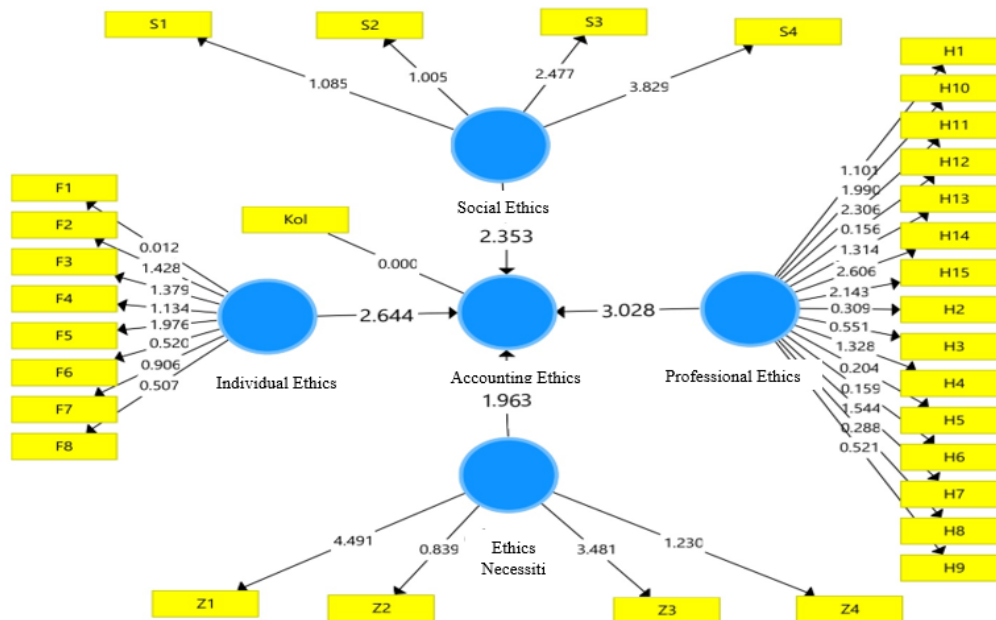


Figure 4 - Causal relationships between latent and manifest variables in the structural equation model with Smart PLS

Table 6- Factor loadings and path coefficients of the overall effect of research constructs with structural equation modeling

Index	Path coefficients	Significance level	Latent variable values	Composite reliability
Social Ethics → Accounting Ethics	2.353	0.000	0.242	0.277
Professional Ethics → Accounting Ethics	3.028	0.043	0.554	0.411
Personal Ethics → Accounting Ethics	2.644	0.000	0.431	0.261
Ethical Necessities → Accounting Ethics	1.963	0.000	- 0.164	-0.038

5. Discussion and Conclusions

Adhering to ethics in accounting is presented as an unavoidable necessity for maintaining the credibility and efficiency of this profession. Despite the high education and expertise of accountants, the occurrence of financial scandals indicates the existence of ethical gaps and a lack of adherence to professional principles, which can weaken work culture and public trust. A review of accounting characteristics in Iran shows that Iranian accounting standards are largely designed based on international frameworks. However, the foundations of Islamic ethics have not been given sufficient attention. This gap can be addressed by integrating the principles of Islamic ethics into the standards, which can help strengthen ethical behavior in the accounting profession. On the one hand, paying attention to professional ethics not only helps improve the quality of accounting services but can also serve as a driver for social responsibility and trust-building in the economic system. In this regard, in order to prevent the waste of scarce and highly valuable resources, both at the macroeconomic level of the country and at the level of companies, organizations, and institutions, informed decision-making based on transparent, impartial, and unbiased information is inevitable. In this regard, the present research has developed and explained the role of accounting drivers in enhancing the status of Islamic ethics in accounting based on thematic analysis method with the help of a statistical population of specialists in the field of accounting.

The studies show that, in the context of the individual ethics component, the index of "maintaining public interests" with an average of 3.97 and "ethics virtues" with an average of 3.87, in the ethical necessities component, the index of "religious requirements" with an average of 3.63 and "environmental requirements" with an average of 3.78, in the professional ethics component, the index of

"keeping trust" with an average of 3.93 and "providing desirable services" with an average of 3.83, in the social ethics component, the index of "human relations" with an average of 3.97 and "observing social norms" with an average of 3.70 received the highest scores. Also, the structural equation model shows that the greatest impact corresponds to the construct of professional ethics with a standardized beta coefficient of 3.028, while the construct of personal ethics has a standardized beta coefficient of 2.644. As a result, to achieve a coherent mechanism in improving the position of the Islamic ethics system in accounting in Iran, we need to strengthen the infrastructure of professional ethics and personal ethics in the organizational management system in financial and accounting.

Based on the findings and results of the research, the following suggestions are presented:

- Development of moral self-awareness: Accountants should be familiar with Islamic values and ethical principles and utilize them in their daily decision-making.
- Training of ethical skills: Organizing workshops and training courses to strengthen ethical skills and the ability to make sound judgments in challenging situations.
- Establishment of a code of ethics: Drafting and approving a comprehensive code of ethics that includes Islamic and professional principles to serve as a guide for accountants.
- Promotion of a culture of transparency: Encouraging accountants to report transparently and accurately, which contributes to public trust and the credibility of the profession.
- Development of ethical standards: Integrating Islamic ethical principles into accounting and financial reporting standards to enhance the quality of services and social accountability.

- Encouragement of social responsibility: Accountants should actively participate in social projects and charities, contributing to the improvement of social conditions.
- Strengthening community relations: Organizing meetings and conferences for dialogue with the community to understand their needs and expectations from the accounting profession.

The integration of Islamic ethics into the current frameworks can be implemented through the following, in accordance with the announced prioritization:

Group One: Regulatory and Executive Structures (Immediate Priority) includes:

- Establishment of social ethics committees within audit organizations (main prerequisite)
- Establishment of a working group to integrate religious and professional requirements (complementary to the committees)
- Requirement to form an ethics committee in auditing institutions (generalization of the structure)
- Launch of an Islamic Ethics Auditing Center (independent regulatory body)

Group Two: Measurement and Monitoring Tools (Medium Priority) includes:

- Ethical Scoring System (requires infrastructure)
- 360-Degree Evaluation System (individual assessment tool)
- Continuous Monitoring System for Compliance (requires technology)
- Ethical Record Keeping System (Executable database)

Group Three: Documents and standards (long-term priority) including:

- Guidelines for Equity in Reporting (documentation)
- Charter of Social Responsibility (macro framework)
- Revision of accounting standards (fundamental changes)
- Industrial codes of ethics (specialization)

Group Four: Scientific Support (Strategic Priority) including:

- Database of Ethical Violations (Research Support)

- Center for Professional Ethics Research (Knowledge Production)

Proposed Execution Schedule:

- First 6 months: Formation of ethical committees and integration working groups
- 1 year: Launching an audit center and record-keeping system
- 2 years: Developing guidelines and charters
- 3 years: Reviewing standards and establishing a research center

Policy and practical recommendations for integrating the Islamic ethical system into accounting standards in Iran are as follows:

1) Formulating accounting standards based on Islamic Ethics

Action: Establishing a specialized committee consisting of accounting experts, jurists, and professors of Islamic ethics to review the current standards and add ethical components such as:

- Financial justice (avoiding usury, gharar (uncertainty or risk), and lesion in reporting).
- Transparency and honesty (obligation to fully disclose financial information with an emphasis on prohibiting "concealing the truth").
- Social responsibility (including Islamic criteria such as "rights of the people" and "preserving the treasury").

Executive body: The Audit Organization and the Iranian Association of Certified Public Accountants in collaboration with religious authorities such as the Expediency Discernment Council.

2) Reforming the Accounting Education System

Actions to be taken include the following:

- Inclusion of a course on Islamic-Professional Ethics in the curricula of universities and CPA courses in Iran.
- Design of practical workshops focusing on case studies of financial scandals (such as Enron) and their analysis from the perspective of Islamic jurisprudence.

Executive body: Ministry of Science, Research and Technology in collaboration with professional bodies such as the Iranian Accounting Association.

3) Establishing monitoring and incentive mechanisms
Actions to be taken include the following:

- Ethical rating system: Granting distinguished certificates to accounting institutions that comply with Islamic ethical standards.
- Formation of committees to address ethical violations within the auditing organization with the authority to impose financial and professional penalties.

Executive body: Securities and Exchange Organization and the Association of Certified Accountants.

4) Development of an ethics-based organizational culture

Actions to be taken include the following:

- Obligation for companies to publish an Islamic Social Responsibility Report (ISR) alongside their annual financial statements.
- Holding a National Award for Ethics in Accounting focusing on indicators such as “Keeping Trust” and “Fairness in Reporting”.

Executive body: Ministry of Economic Affairs and Finance with support from specialized media.

5) Continuous Research and Development

Actions to be taken include the following:

- Establishing an Islamic Accounting Ethics Research Center for the production of scientific content and practical guidelines.
- Supporting graduate theses on the topic of integrating Islamic ethics and accounting.

Executive body: Institute for Humanities and Cultural Studies in collaboration with top-tier universities.

6) International Interaction

Actions to be taken include the following:

- Cooperation with international institutions such as IFAC to introduce Iran's ethical standards as a model for Islamic countries.
- Holding joint conferences with accounting organizations in Malaysia and Indonesia (leaders in Islamic accounting).

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