

Determinants of ethical work behaviour of Malaysian public sector auditors

Ethical work
behaviour

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Abstract

Purpose – The purpose of this paper is to investigate factors affecting ethical work behaviour among Malaysian public sector auditors. Based on Hunt and Vitell model, there are four research objectives for this study: to investigate the influence of ethical climate on public sector auditors ethical work behaviour; to examine the effect of professional commitment on ethical work behaviour of public sector auditors; to investigate the effect of corporate ethical values (CEV) on ethical work behaviour of public sector auditors; and to examine the effect of ethical ideology on ethical work behaviour of public sector auditors.

Design/methodology/approach – The respondents of the study were public sector auditors of National Audit Department in Malaysia. Using a survey questionnaire comprising instruments about the ethical climate, CEV, professional commitment, ethical ideology and organisational misbehaviour, a total of 382 were received and usable. In achieving the research objectives, multiple regressions were performed.

Findings – The results reveal that ethical work behaviour among public sector auditors in Malaysia is influenced by law and independence ethical climate, professional commitment, CEV and both idealism and relativism ethical ideology.

Originality/value – The present study provides new additional empirical evidence on determinants of ethical work behaviour of auditors in public sector from a developing economy (i.e. Malaysia) which is currently limited.

Keywords Ethical climate, Corporate ethical values, Ethical behaviour, Ethical ideology, Professional commitment, Public sector auditors

Paper type Research paper

Introduction

Public sector auditors play a crucial role in ensuring the credibility of financial and non-financial performance of government entities by providing quality auditing which ultimately improve the level of accountability and integrity of the government to the public at large. This is in line with the urge by the former Auditor General of Malaysia, Tan Sri Dato' Seri Hj. Ambrin Bin Buang who claims that "Through quality auditing, the Government and citizens will obtain an objective and without prejudice, information on the weaknesses in managing public service".

In Malaysia, the National Audit Department (NAD) is an independent executive authority that manages audit activities for government entities. According to the Audit Act 1957, NAD is authorised to perform the auditing of accounts of the central government and state governments (Malaysian Government, 2000, p. 180). Besides being knowledgeable about auditing, accounting and other work-related matters, it is equally important for auditors to remain ethical in their daily actions at work. Ethics is an essential professional of all professions, including accounting and auditing. It is even more important for public sector auditors to behave ethically in their day-to-day delivery of work as their role is important in safeguarding the interest of the society.

Recent court cases involving unethical activities such as fraud and corruption in public sector throughout the developed world such as the UK and the USA (Simpkins, 2005) have



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put the spotlight on public sector auditors. The situation is perhaps even more worrying in parts of Asia. For instance, recent data from the Indonesian Government Internal Auditor Association (AAIPI) show that 94 per cent of government internal auditors cannot detect fraud and corruption (Ashari, 2013). Clearly, such unethical practices of public sector auditors can erode public confidence in government and the public service. There is, therefore, a crucial need for highly ethical public sector auditors. Hence, it is important to investigate factors contributing to the ethical work conduct among public sector auditors; the main justification for the current study.

The current study is directly contributing to the Malaysian NAD's agenda to make ethics in auditing as one of the important focus. Based on Hunt and Vitell's (1986) theory of marketing ethics, the present study aims to investigate the effect of ethical climate, organisational commitment, professional commitment and ethical ideology on ethical work behaviour of Malaysian public sector auditors. The unique contributions of this study are that it provides empirical evidence from a non-Western context and the findings are important to the Malaysian government, specifically the NAD in fostering ethical behaviour among public sector auditors.

This paper is structured as follows. The next section provides a review of relevant literature and proposes hypotheses for the study. Then, the following two sections provide a description of the research methodology used and results of the study. The final section offers discussion on the main findings, implications, limitations of the study and suggestions for future research.

Theoretical framework, literature review and hypotheses

Hunt and Vitell theory of ethics

The Hunt and Vitell theory of ethics was originally postulated in 1986 by American researchers Shelby Hunt and Scott Vitell with the objective of enhancing our understanding about how people make ethical decisions (Hunt and Vitell, 1986). The theory presents a model describing the ethical decision-making process an individual utilises when faced with an ethical dilemma: upon perceiving that a situation contains ethical content, an individual perceives various alternative actions to resolve the problem. The individual then evaluates the various alternatives using both deontological and teleological moral approaches. These evaluations lead to the individual forming an ethical judgement which then affects the individual's ethical behaviour through the intervening variable of intentions (Hunt and Vitell, 1986).

The Hunt and Vitell theory identifies four factors which influence the ethical decision making of an individual: cultural environment, industry environment, organisational environment and personal characteristics (Hunt and Vitell, 1986). Cultural environment refers to values and customs of a locality, whilst industry environment refers to values and customs specific to an industry. Similarly, the organisational environment refers to values and customs specific to an organisation, while personal characteristics are values specific to an individual (Hunt and Vitell, 1986). This study attempts to examine if these four factors influence the ethical behaviour of public sector auditors in Malaysia.

As all departments of the NAD in Malaysia were considered in this study, they were conceptualised as having their own unique "culture". For this reason, the ethical climate of these departments was utilised as a proxy for cultural environment. Professional commitment, corporate ethical values (CEV) and ethical ideology were utilised in this study as a proxy for industry environment, organisational environment and individual environment, respectively.

Literature review and hypothesis development

The next four subsections present reviews of empirical studies that have explored the influence of each of these four factors on the ethical behaviours of individuals in an accounting context. Additionally, the study's hypotheses for each factor are presented as well.

Ethical climate and ethical behaviour. Ethical climate refers to the collective perceptions of members of an organisation regarding the ethical principles modelled and encouraged within the organisation. These perceptions are expected influence the ethical decision making and behaviour of individual members of the organisation (Victor and Cullen, 1988). Although Victor and Cullen (1988) proposed nine theoretically possible ethical climates, empirical studies have revealed that five ethical climates are most prevalent in organisations: first, the instrumental climate where people protect their own interest above all else; second, the caring climate, where the major consideration is what is best for everyone in the organisation; third, the independence climate where each person in the organisation decides for him/herself what is right and wrong based on his or her deeply-held values; fourth, the rules climate, where everyone is expected to conform to organisational rules and procedures; and fifth, the law and code climate, where people are expected to comply with the law and professional standards (Cullen *et al.*, 1993; Martin and Cullen, 2006; Mumcu and Döven, 2016; Olayiwola, 2016). Victor and Cullen (1988) developed the ethical climate questionnaire (ECQ) to enable researchers to assess the prevalent ethical climate of an organisation based on the collective perceptions of the members of that organisation. Since its development, the ECQ has been used by several studies to determine the impact of ethical climate on the ethical behaviour with different ethical climate types could influence the ethical decisions or behaviours differently (Martin and Cullen, 2006).

An instrumental climate is expected to result in greater potential for unethical conduct because as an individual is protecting his own interest above all it is more likely that he is more easily to be willing to commit with unethical behaviour in order to fulfil his personal interest (Victor and Cullen, 1988). Consistent finding was discovered by Buchan (2005), Shafer and Wang (2010), Shafer *et al.*, Lam (2012), Shafer (2015), Ismail (2015), Murphy and Free (2015) and Lilly *et al.* (2016).

On the other hand, caring, independence, law and codes and rules ethical climates have been found to discourage unethical behaviour. Prior studies which have reported the negative association between caring ethical climate and unethical behaviour include Apriliani *et al.* (2015), Taylor and Curtis, Talha *et al.* (2013), Shafer *et al.*, Shafer (2015) and Lilly *et al.* (2016). Likewise, for independence climate, prior studies have found an inverse relationship between this ethical climate and the unethical behaviour of accountants in the private and public sectors in Australia (See *et al.*, 2014) and Indonesia (Apriliani *et al.*, 2015). Similar results for rules ethical climate were reported by Deshpande *et al.* (2011) and Lilly *et al.* (2016). Finally, previous studies also revealed a negative association between a law and code climate and the unethical behaviour of accountants in Taiwan (Jeffrey *et al.*, 2004), Indonesia (Apriliani *et al.*, 2015) and the UK (Alleyne *et al.*, 2015). Based on the above discussion on the ethical work climate and its influence on ethical behaviour as well as the findings of prior studies the following hypotheses are proposed:

- H1a. There is a significant positive association between an instrumental climate and unethical behaviour among public sector auditors in Malaysia.
- H1b. There is a significant negative association between a caring climate and unethical behaviour among public sector auditors in Malaysia.
- H1c. There is a significant negative association between an independence climate and unethical behaviour among public sector auditors in Malaysia.
- H1d. There is a significant negative association between rules climate and unethical behaviour among public sector auditors in Malaysia.
- H1e. There is a significant negative association between law and code climate and unethical behaviour among public sector auditors in Malaysia.

Professional commitment and ethical behaviour. Professional commitment is defined as a strong connection between an individual and his or her profession (Nesje, 2016). It is expected that accountants who have a high level of commitment to their profession tend to act in accordance with professional standards, and behave more ethically than those who have lower levels of professional commitment. Moreover, they are less ready to accept situations where accounting principles are used in ways contrary to the best professional judgment (Brouard *et al.*, 2016; Fiolleau and Kaplan, 2016; Aghdam and Karimzadeh, 2017).

As ethical behaviour is an integral part of the accounting profession, it is expected that a highly committed accountant is more likely to behave ethically as compared to a less committed counterpart (Martin and Cullen, 2006). This expected relationship found empirical support in America (Elias, 2006, Herda and Martin, 2016), Indonesia (Wawo *et al.*, 2015), Australia (Clayton and Staden, 2015), New Zealand (Clayton and Staden, 2015) and China (Shafer *et al.*, 2016). Hence, the following hypothesis is formulated:

H2. There is a significant negative association between professional commitment and unethical behaviour among public sector auditors in Malaysia.

CEV and ethical behaviour. The CEV of an organisation reflect the common identity or values of its members which help to establish and maintain the standards that differentiate between the right things to do and the wrong things to do (Hunt *et al.*, 1989). CEV are the combination of the ethical values of individual managers in an organisation and the formal and informal codes of conduct. CEV can influence ethical behaviour by shaping individual attitudes as desired by the organisations, which in return leads to employees behaving ethically in accordance with the organisation's rules and regulations (Hunt *et al.*, 1989; Asrar-ul-Haq *et al.*, 2017; Shah and Amjad, 2017). Positive perceptions of an organisation's CEV are expected to have a negative impact on the unethical behaviour of accountants. Empirical support has been found for this relationship amongst accountants in America (Elias, 2004, 2005), Pakistan (Iqbal *et al.*), Iran (Shabani *et al.*, 2014), Hong Kong (Shafer, 2015), Malaysia (Ismail, 2015), Barbados (Alleyne, 2016) and across 31 geopolitical entities in six continents (Tang *et al.*, 2015). Therefore, the following hypothesis is postulated:

H3. There is a significant negative association between CEV and unethical behaviour among public sector auditors in Malaysia.

Ethical ideology and ethical behaviour. Ethical ideology serves as a proxy for the personal experiences of public sector auditors surveyed in this study. An individual's ethical ideology refers to the system of ethics that individual uses to make ethical decisions (Putranta and Kingshott, 2011). There are two main types of ethical ideologies that shape a person's ethical decisions: idealism and relativism. Idealism posits that there are unchanging universal truths which ought to shape an individual's ethical decision making, while relativism argues that there are no universal truths, and that what is ethical is dependent on culture, society or historical context (Ramasamy and Yeung, 2013; Plaisance, 2016).

The highly idealistic individuals, who believe that it is possible to avoid harm to others if the morally right action is undertaken, have been reported to judge unethical matters more strictly (Douglas, 1995; Keller *et al.*, 2007; Harvey, 2015; Ismail and Ghazali, 2011; Nasir *et al.*, 2014; Fan-Hua and Huang, 2013; Musbah *et al.*, 2016), whereas highly relativist individuals, who strongly reject absolute rules and law but closely investigate the situational factors that contribute to one's action, have a tendency to be more lenient in making ethical decisions and behaviour (Forsyth, 1980, 1981, 1985; Douglas, 1995; Keller *et al.*, 2007; Harvey, 2015;

Ismail and Ghazali, 2011; Nasir *et al.*, 2014; Fan-Hua and Huang, 2013; Musbah *et al.*, 2016). Hence, the following hypotheses are postulated:

- H4a.* There is a significant negative association between idealism and unethical behaviour among public sector auditors in Malaysia.
- H4b.* There is a significant positive association between relativism and unethical behaviour among public sector auditors in Malaysia.

Research methodology

Sample and data collection

Survey questionnaires were sent to public sector auditors working with the NAD at both federal and state levels in Malaysia. A total of 1,074 copies of the questionnaires were sent, with 382 completed questionnaires returned, representing a response rate of 35.6 per cent. Over two-thirds of the respondents (69.9 per cent) were female. In terms of age, almost half (46.7 per cent) of the respondents who answered the questionnaires were between 30 and 39 years old. In terms of work experience, the vast majority of the respondents (74.4 per cent) had more than five years' working experience in the accounting field, with 74.1 per cent having worked at the NAD for over five years. In terms of academic qualifications, the majority of the respondents (89.8 per cent) were diploma and degree holders, while nine respondents reported having a master's degree and five respondents reported having a professional qualification. Based on the background information, the respondents of the current study had the relevant qualifications and considerable experience in NAD and in an accounting-related field. Hence, their responses were deemed appropriate and reliable for the current study. Table I presents the detailed demographic information of the respondents.

Research instrument

The questionnaire for this study consisted of three parts, namely, parts A, B, and C. Part A contained seven questions pertaining to demographic information including gender, age, working experience in the accounting field, working experience with the current organisation, education level, professional affiliation and organisation level.

Part B had four subsections representing measures of ethical climate, professional commitment, CEV and ethical ideologies of the respondents. All subsections contain statements which the respondents had to rate on a seven-point Likert scale ranging from 1 being "strongly disagree", to 7 being "strongly agree". The respondents' perceptions of the ethical climate of their organisation were measured using the 26-item Ethical Climate Scale developed by Victor and Cullen (1988), while a five-item instrument developed by Blau was used to measure their professional commitment. As for the respondents' perception of their organisation's CEV, the five-item instrument developed by Hunt *et al.* (1989) was used, whilst respondents' ethical ideologies were determined using the Ethical Position Questionnaire (EPQ) developed by Forsyth (1980). The EPQ contains 20 items, of which the first ten items examined idealism and the remaining ten, relativism.

Part C of the questionnaire required respondents to respond to nine vignettes on ethical scenarios adopted with permission from Vardi. These nine vignettes gauged the ethical behaviour of public sector auditors based on their response ethical work-related scenarios which represented various organisational misbehaviours: "Making private phone calls from the organization phone during work hours or breaks", "Being late to work or leaving early without permission", "Using the copying machine for private purposes", "Taking a longer lunch break than allowed", "Taking unnecessary risks by ignoring safety

	Frequency	Percentage
<i>Gender</i>		
Male	115	30.1
Female	267	69.9
Total	382	100.0
<i>Age</i>		
< 20 years	0	0.0
20-29 years	104	27.3
30-39 years	179	46.9
40-49 years	56	14.7
50-60 years	43	11.3
Total	382	100.0
<i>Working exp. accounting</i>		
< 5 years	90	23.6
5-10 years	152	39.8
11-15 years	49	12.8
16-20 years	32	8.4
> 20 years	51	13.4
Missing data	8	2.1
Total	382	100.0
<i>Working experience National Audit Department</i>		
< 5 years	98	25.7
5-10 years	156	40.8
11-15 years	47	12.3
16-20 years	30	7.9
> 20 years	50	13.1
Missing data	1	0.3
Total	382	100.0
<i>Highest education</i>		
Diploma	213	55.8
Bachelors	130	34.0
Masters	9	2.4
Professional qualification	5	1.3
Others	21	5.5
Missing data	4	1.0
Total	382	100.0

Table I.
Demographic data

regulations”, “Using the expense account not according to formal procedure”, “Attending to personal matters during work hours without permission” and “Working slowly on purpose”. Respondents had to rate the actions in the vignettes on a seven-point Likert scale ranging from 1 being “strongly disagree”, to 7 being “strongly agree”: the lower the score, the more ethical the respondents.

Data analysis

The data were analysed using Statistical Package for the Social Sciences software. Basically, descriptive statistics consists of frequency distributions, and percentages were tabulated to develop demographic profiles of auditors in Malaysia, as well as the mean scores and standard deviations for all independent and dependent variables.

Multiple regression analysis was carried out to investigate the influence of ethical climate, professional commitment, CEV and ethical ideology on the ethical behaviours of the surveyed public sector auditors in Malaysia. Age and gender were the control variables.

The regression model is as follows:

$$\text{Organizational misbehaviour} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 \\ + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_G + \beta_{AGE} + \varepsilon$$

where Y is the organisational misbehaviour; α_0 the intercept; β the slope of regression line; ε the error term (RV); X the independent variables, which include: X_1 the Caring; X_6 the CEV; X_2 the Law; X_7 ; the Professional commitment; X_3 the Rules; X_8 the Idealism; X_4 the Instrumental; X_9 the Relativism; X_5 the Independence. The control variables are as below: G is the gender; AGE the age.

Findings

Descriptive analysis

Table II presents the descriptive statistics of the four independent variables and the dependent variable. In relation to ethical climate, the respondents perceived their organisation as having a predominantly rule and code based ethical climate with a mean score of 4.91. This was followed by perceptions of an instrumental climate (4.57) and then a caring climate (4.55). Professional commitment had a mean score of 4.63 and CEV had a mean score of 4.66, indicating that on average respondents have high levels of both professional commitment and perceived the CEV of their organisation as been quite positive. For ethical ideology, the mean scores revealed that on average respondents rated idealism more highly than relativism, with mean scores of 5.07 and 4.44, respectively. For the dependent variable of this study, represented by organisational misbehaviour, the average mean score for the vignettes was 2.05 indicated that the respondents scored low on organisational misbehaviour, and thus were considered quite ethical.

Hypotheses testing

Table III presents the multiple regression results carried out the study's hypotheses. The results reveal that CEV, professional commitment, law climate, independence climate, idealism ethical ideology, relativism ethical ideology and gender have significant influence on organisational misbehaviour. On the other hand, results in Table III indicate no significant influence in terms of rules climate, caring climate, instrumental climate and age on organisational misbehaviour.

As shown in Table III, law and independence ethical climate types have significant influence on organisational misbehaviour. The law climate showed a negative significant

Variables	N	Mean	SD
<i>Ethical climate</i>			
Law	369	3.50	0.623
Independence	372	4.03	0.956
Caring	362	4.55	0.571
Instrumental	364	4.57	0.820
Rules	367	4.91	0.872
Professional commitment	374	4.63	1.003
Corporate ethical value	371	4.66	0.911
<i>Ethical ideology</i>			
Relativism	361	4.44	0.787
Idealism	360	5.07	0.922
Organisational misbehaviour	376	2.05	1.197

Table II.
Descriptive statistics

Table III.
Multiple regression
analysis

Variables	β	<i>t</i>	Significance
<i>Model 1</i>			
Corporate ethical value	-0.157	-2.960	0.003**
Professional commitment	-0.088	-1.742	0.082*
Caring climate	0.103	1.578	0.115
Instrumental climate	0.016	0.270	0.787
Rules climate	-0.038	-0.548	0.584
Independence climate	0.149	2.479	0.014***
Law climate	-0.194	-2.597	0.010***
Idealism Ethical Ideology	-0.219	-3.623	0.000***
Relativism Ethical Ideology	0.151	2.700	0.007***
<i>Control variables</i>			
Gender	-0.100	-2.006	0.046**
Age	0.031	0.597	0.551
$R^2 = 0.219$			
Adjusted $R^2 = 0.193$			
Sig. = 0.000			

Notes: *,**,***Significant at 0.10, 0.05 and 0.01 levels, respectively

influence on the organisational misbehaviour of public sector auditors, while the independence ethical climate type showed a positive significant effect on organisational misbehaviour. The result for the independence ethical climate was the opposite direction as expected in the hypothesis, which postulated a negative influence of independence climate on unethical behaviour. The remaining three types of ethical climate (caring, rules and instrumental) did not appear to significantly influence organisational misbehaviour. These findings, therefore, support *H1e* but do not find support *H1a*, *H1b*, *H1c* and *H1d*.

As for *H2*, the results provide support for the supposition that professional commitment can significantly influence an auditor's inclination to behave ethically. Similarly, there was support for *H3* in that the respondents' perceptions of the CEV were significantly negatively associated with their likelihood to misbehave. Regarding the last factor, ethical ideology, the results provide support for *H4a* and *H4b*, in that an inclination towards idealism was shown to be significantly negatively associated with unethical behaviour amongst the auditors, while an inclination towards relativism was found to be significantly positively associated with unethical behaviour.

In terms of control variables, only gender showed significant influence on ethical behaviour with female public sector auditors behaving more ethically than their male counterparts.

Discussions, implications, limitations and suggestions for future research and conclusion

The present study investigated the influence of ethical climate, professional commitment, CEV and ethical ideology on the ethical behaviour of public sector auditors in Malaysia. The study found that these four factors had significant influence on their ethical behaviours. These results provide several important insights and implications for public sector auditors in Malaysia and beyond.

First, the present study found that the law climate had a significant negative influence on the unethical behaviour of public sector auditors. This finding is consistent with earlier findings by Jeffrey and Alleyne. This evidence implies that public sector auditors in Malaysia respond well to an ethical climate that emphasises the strict adherence of uniform professional codes and policies across all public sector agencies. Policy makers can take advantage of this opportunity by continually improving the clarity and comprehensiveness

of these professional codes so that public sector auditors can diligently follow them, thus, facilitating a more ethical and professional public auditing sector.

Second, this study revealed a significant positive relationship between independence climate and unethical behaviour. This result contradicts findings of prior studies like See *et al.* (2014) and Apriliani *et al.* (2015) who reported a significant negative relationship. However, it does mirror the results of Ismail (2015) which also took place within a Malaysian context. This finding implies that in the context of public sector auditing in Malaysia, any auditing department that encourages individual auditors to follow their individual moral codes to resolve ethical dilemmas is likely to foster unethical behaviour amongst these auditors. An examination of the Malaysian culture provides some explanation of this finding and why it is contrary to the findings of most prior studies. According to Hofstede's theory of culture, Malaysia is a collectivist and high-power distance nation whereby obedience to superiors is emphasised over individual decision making as the more ethical option. For this reason, auditing departments that encourage obedience to established codes as opposed to referring to one's personal code is more likely to engender ethical behaviour amongst public sector auditors (Ismail, 2015).

Third, the present study found that professional commitment had a significant negative influence on the unethical behaviour of the public sector auditors surveyed. This finding is consistent with the findings of prior studies (Elias, 2006; Clayton and Staden, 2015; Wawo *et al.*, 2015; Herda and Martin, 2016; Shafer *et al.*, 2016). It is, thus, important that the various NADs in Malaysia take the necessary steps to enhance the commitment of their auditors to the established rules of professionalism in the auditing profession. Some initiatives they can undertake include continuing education courses for the auditors so that they can keep their credentials current and be knowledgeable about the latest auditing trends. Another initiative is to encourage diversity in the workplace so that auditors from different cultures can learn about one another, and thus develop an open and embracing mind-set. Public sector auditors should also be regularly reminded on how to act professionally by being polite to their co-workers and clients, and keeping commitments. Finally, auditors should be encouraged to form associations where they can share their experiences with their peers and create a sense of brotherhood and belonging.

Fourth, the present study found that the auditors' perceptions about the CEV of their departments negatively influenced their propensity to act unethically. This confirms the results of earlier accounting-specific studies (Iqbal *et al.*, 2014; Shabani *et al.*, 2014; Shafer, 2015; Tang *et al.*, 2015; Alleyne, 2016). The implication of this finding for the NADs in Malaysia is that they have to continually take steps to improve their CEV so that it can encourage their auditors to act ethically at all times. Some tangible steps that they can take include reviewing the department's mission statements and codes of conduct to ensure that they include and promote strong ethical values, discussing the importance of ethical behaviour during staff meetings, corporate events and training sessions, and discussing how to resolve the common ethical dilemmas public sector auditors are likely to face whilst carrying out their duties.

Fifth, the present study found that the ethical ideology of public sector auditors had a significant effect on unethical behaviour, with an inclination towards idealism encouraging ethical behaviour, and an inclination towards relativism encouraging unethical behaviour. Earlier studies have found similar results amongst accountants (Keller *et al.*, 2007; Fan-Hua and Huang, 2013; Nasir *et al.*, 2014; Harvey, 2015; Musbah *et al.*, 2016). The implication of this finding is that NADs in Malaysia have to find ways to encourage their auditors to adopt idealism as opposed to relativism when dealing with ethical dilemmas. One effective way is to provide clear and comprehensive guidelines on how auditors are to deal with ethical dilemmas they are likely to encounter whilst discharging their duties. Additionally, supervisors should adopt an open-door policy that encourages auditors to

seek for guidance whenever they face an ethical dilemma. Finally, there must be strong whistle-blower protection policies to ensure that an auditor that discovers and reports fraudulent practices amongst government agencies does not suffer any recriminations. An encouraging policy initiative in this regard is the new whistle-blower initiative developed by the Malaysian Anti-Crime Commission which encourages government workers to report people who offer them bribes by paying them the offered amount. For example, if you are offered a RM10,000 bribe and you report the offeror of the bribe, the MACC pays you RM10,000 for your exposure of the corrupt practice.

Sixth, the present study provided empirical support for Hunt and Vitell's (1986) theory in explaining the ethical behaviour of public sector auditors in Malaysia. This was because the four factors (ethical climate representing cultural factors, professional commitment representing industry factors, CEV representing organisational factors, ethical ideology representing personal characteristics) were found to have influenced the auditor's propensity to perform unethical actions.

Despite the many insights provided by this present study, it is not without its limitations. First, regarding the measure of the auditors' propensity to act unethically, the vignettes used did not take into consideration the intensity of the ethical dilemmas. Future studies should consider incorporating vignettes with various moral intensities, as these have been shown to influence ethical decision making (Jones, 1991; Shah and Amjad, 2017). Second, the present study only considers public sector auditors. Future studies should combine both public sector and private sector auditors in order to facilitate a comparison on how various factors influence the ethical behaviours of these various groups. Third, this present study relied only upon a Likert-based questionnaire survey to gather data. Future studies should include more qualitative approaches such as interviews and observation in order to gain greater insight into the factors that influence the ethical behaviours of auditors.

In conclusion, throughout the world public sector auditors have responsibility for identifying any flaws, excesses and wastefulness of Government agencies and ministries, thus ensuring financial efficiency and integrity. People increasingly expect public spending to be more accountable and transparent and, therefore, they expect the public servants and administrators responsible for this accountability and transparency to be highly professional. Accordingly, as urged by the Malaysian Auditor General (Buang, 2012), public sector auditors need to be prepared to do more as custodians of public trust; their independence and professionalism are essential to the nation's fiscal health.

As highlighted under the 9th Malaysian Plan, in order to transform Malaysia into a developed nation by the year 2020, holistic development is required, including initiatives to develop human resources of first-class intellectual quality and high ethical and moral values (Buang, 2006). Especially in a global governance environment tarnished by never ending scandals, conflicts and corruption in government agencies, ethical accountants and auditors who value ethics over profits are needed more than ever.

Against this background the present study contributes to identifying significant factors influencing the ethical behaviour of Malaysian public sector auditors. The results can be used to improve the ethical and professional standards of the public sector auditing profession in Malaysia in order to enable auditors to carry out their duties to the very best of their abilities, and to ensure that the public's trust in them is not misplaced.

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