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**Title:** Public Auditors' Ethical Decision Making - does culture matter?

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**Abstract**

This paper asks if, and to what extent, the cultural background of public auditors' may impact on their ethical decision making. Numerous studies have investigated the question of cultural impact on ethical decision making, with inconsistent results. While some studies demonstrate a difference in ethical reasoning across national cultures (e.g. Tsui and Windsor, 2001; Puffer and McCarthy, 1995; Jackson and Artola, 1997), other have found no difference in individuals' reaction to ethical dilemmas based on cultural differences (e.g. Lysonski and Gaidis 1991; Small 1992; Wimalasiri, Pavri and Jalil 1996). We contend that there is a basic design impediment in these studies: they share, mostly, a between-country sampling methodology, resulting in significant variance in the key variables of the institutional and regulatory environments, which makes comparison troublesome. We remedy this by introducing a within-country sampling, whereby the institutional and regulatory environments are constant. In our proposed design variables such as place of work, regulatory tradition and education level, remain constant; only the cultural background of the sampled population varies.

The data were obtained by a detailed survey of sixty Certified Public Accountants practicing in Hong Kong, who had experience in making ethical decisions based on auditor-client conflict situations. Hong Kong's unique history as a former British colony, now a Special Administered Territory of the PRC, where the regulatory system has not changed; allows for a comparison of ethical behaviour of Chinese speaking versus non-Chinese (English) speaking auditors in a common setting, when key relevant variables are held constant, e.g.: age, gender, professional experience and professional formation. The tentative results suggest that culture is associated with an auditor's declared ethical behaviour. This study may serve as a template design for comparative cross-cultural studies where extant research fails to agree on the impact of culture on work related behaviour.

**Purpose:** examine the role of culture in ethical behavior

**Design:** within-country comparative sample

**Findings:** culture **does** matter

**Research limitations/implications:** a single case (country) with some unique features

**Practical implications:** may serve as template to comparative cross-cultural research when conflicting findings are reported; of relevance to the training/formation of auditors

**What is original/ what is the value of the paper?** the study design

**Keywords:** cross-cultural, auditors, Hong-Kong, ethics