



ISSN : 2350-0743

www.ijramr.com



International Journal of Recent Advances in Multidisciplinary Research

Vol. 02, Issue 10, pp.0795-0800, October, 2015

## RESEARCH ARTICLE

### AUDIT CONFLICT: A CASE OF IRANIAN AUDITORS ABILITY TO RESIST CLIENT PRESSURE IN A CONFLICT SITUATION

\*Abdolreza Shafiei and Rusnah Binti Muhamad

Department of Accounting, Faculty of Business and Accountancy, University of Malaya,  
Kuala Lumpur, Malaysia

#### ARTICLE INFO

##### Article History:

Received 22<sup>nd</sup> July 2015

Received in revised form

30<sup>th</sup> August, 2015

Accepted 28<sup>th</sup> September, 2015

Published online 31<sup>st</sup> October, 2015

#### ABSTRACT

Auditors' role is governed by their relationship with the client's management, especially in the context of a conflict, where they might be forced to compromise their respective stance. However, auditors are expected to remain independent in the event this occurs. A survey questionnaire was used to examine whether or not Iranian auditors are likely to accede to the clients' request in a conflict. The results indicated that Iranian auditors tend to remain independent in the face of conflicts or pressure from clients.

#### Keywords:

Auditor acceding,  
Auditor independence,  
Conflict situation,  
Corporate governance.

#### INTRODUCTION

Corporate governance (CG) is a multi-dimensional and significant matter, entailing legislations, provisions, structures, processes, cultures, and policies, all of which is crucial for a company in realizing its goals, which include responsibility, transparency, justice, and observation of the beneficiaries' right. Management, boards of directors (BoD), and internal and external auditors are four important elements of CG mechanism, all of which are capable of ensuring the quality of the financial reporting process. Due to the crucial role of an auditor's report and its corresponding quality, an external auditor is vital towards this mechanism (see Cohen, Krishnamoorthy, and Wright, 2004). This role would prompt CG to observe the beneficiaries' rights and eschew possible dangers, such as the recent scandals involving auditor acceding. The crucial role of an external auditor is to encourage quality financial reporting (Cohen, Krishnamoorthy, and Wright, 2004) as a mechanism to monitor managerial action (Bennouri, Nekhili, and Touron, 2012). The function of auditors' report in CG is to express the main product of the audit process (Cohen *et al.*, 2004) via auditing standards. As a matter of fact, auditing regulators emphasized the fact that auditor's reports and independence are correlated, which should be reflected in both appearance and fact. However, DeAnjelo (1981) stated that the description of auditor independence is correlated to the audit's quality, which is founded on auditor competence and independence.

\*Corresponding author: *Abdolreza Shafiei*,

*Department of Accounting, Faculty of Business and Accountancy,  
University of Malaya, Kuala Lumpur, Malaysia.*

Auditor competence detects flaws, such as violation in accounting system, and report them. The first form of flaw is non-compliance with accounting standards. Auditors should also be aware of any nature of acts and its respective effects upon financial statements. Another area of concern are fraudulent acts, which is most prevalent in a) Clients are under pressure, b) The presence of an opportunity, and c) Rationalizing fraudulent acts. Weak internal control is also an issue, which would increase material errors in accounting disclosures (Kinney and McDaniel 1989) and decrease the quality of accounting accruals (Ashbaugh-Skaife, Collins, Kinney, and LaFond, 2008; Ashbaugh-Skaife, Collins, and Kinney, 2007; Doyle, Ge, and McVay, 2007). Auditor independence emphasizes their ability to resist or accede to pressure from client (Fiolleau, Hoang, Jamal, and Sunder, 2013). Therefore, auditor independence entails withstanding the pressure from the clients' managements in disclosing flaws. Auditors' reluctance or inability in disclosing the detected flaws might create conflict(s). In such situations, auditors are expected to maintain their independence by withstanding management pressure, otherwise, they might accede, and consequently, their independence might be compromised (Carmichael and Swieringa, 1968; Cullinan, 2004). This concept is exemplified in Anderson's acceding to the request of Enron, leading to blemished CG. Furthermore, given the ongoing debate around the world, each country has taken measures to avoid an "Enron-gate" type of crisis (Low, Davey, and Hooper, 2008). Asia and the Middle East being cases in point, and the Iranian economy is no exception. Therefore, it is essential to take the role of an independent auditor in CG studies into account, and regard it as auditor acceding.

This study aims to examine if Iranian auditors are likely to accede to a clients' request in the event of a conflict.

### Literature review and hypothesis development

Independence is a cornerstone of the audit profession. The concept of auditor independence has been the focus of effort into the recognition and development of auditors' function and behavior in the audit profession (Reiter and Williams, 2004). Despite the importance of auditor independence, there is no specific definition of auditor independence (see Salehi, Mansoury, and Azary, 2009), and no formal theory is widely acknowledged as being unequivocal. The literature of auditor independence is associated with auditor acceding and judgment (Knapp, 1985). An auditor's response to a client's requests (auditor acceding) is the result of auditor behaviour (Honeycutt, Glassman, Zugelder, and Karande, 2001), and consequently, the literature regarding auditor behaviour could be positively related to them acceding. However, studies related to audit quality can illuminate the auditor independence concept.

The definition of audit quality emphasizes the perceived ability of an auditor in two aspects. The first one involves tuning the accounting system to locate failures (i.e. competence), while the second involves withstanding clients' request and pressure when forced to disclose discovered errors (i.e. independence) (DeAngelo, 1981; Watts and Zimmerman, 1986; 1990). With respect to audit quality, the definition of auditor independence is applied to all users of financial statements. In the absence of an independent audit, no privilege is offered to the company, especially to partners and stakeholders, with the exception of an extra abortive cost (Firth, 1997). Audit quality involves an important concept that contains auditor independence, both in fact and in appearance (DeAngelo, 1981). The basis of audit quality depends on an auditor's competence to distinguish a break in the accounting system. If the auditor lacks independence; the quality of an audit is compromised (Richard, 2006).

Regarding auditor's independence, auditors are less likely to report any discovered flaws, which might increase the likelihood of them being less objective, resulting in the lack of auditor independence (Lowe and Pany, 1995). Furthermore, according to Johnstone *et al.* (2001), several factors may alleviate the consequence of independence risk on actual or perceived audit quality, including regulatory oversight, corporate governance mechanisms, individual characteristics, audit firm policies, and culture (see Salehi *et al.*, 2009; Sucher and Maclulich, 2004). Another concept involving auditors' independence is the relationship that strengthens the economic adherence between the auditor and client when confronted with a dilemma. There is also a possibility that auditors will not be truthful in their reports (Simunic, 1984). When an auditor faces a dilemma posed by the client's management, he may be forced to cooperate and compromise. This issue has been emphasized by different scholars (e.g. Ponemon and Gabhart, 1990; Tsui, 1996; Windsor and Ashkanasy, 1995), with implications for practitioners (see Gul *et al.*, 2003; Windsor and Ashkanasy, 1995). Independent auditor judgment can be difficult in a conflict, as it involves decisions (see Reidenbach and Robin, 1990) and decision-making processes (see Jones, 1991), which are absent from individual behaviors.

These decisions have been studied by (e.g., Trevino and Youngblood, 1990). For instance, in a sample from Trevino (1986), the complexity of some of the proposed independent auditor's judgment was investigated (see Ford and Richardson, 1994). The external auditor is required to be objective and are also obligated to maintain full personal autonomy in order to provide an independent opinion regarding the accuracy of unbiased financial reports. Mautz and Sharaf (1961) posited that judgments regarding the audit's objectivity should be similar to a judge's decision in a court of law. Hence, being independent is heavily reliant upon personality, but the invisible decision making processes in accounting policies should be objective and without bias, passion, or prejudice (IFAC 2001 visit). Thus, realism is a fundamental concept in auditors' independence.

Overall, it is known that from time-to-time, auditors will encounter conflicts (Nelson, 2004). When dealing with conflicts, it is important that they are able to make decisions and judgments independently (McPhail and Walters, 2009). Since auditors are in danger of serving the economic interests of the managers of audit firms or their corporate clients (Mautz and Sharaf, 1961), the relationship between the auditor and client's management might influence their behaviors. In fact, audit firms operate in a commercial environment and clients are expected to pay them. The accounting profession's focus on such issues (Mautz, 1984; 1988) has put auditors in a moral dilemma vis-à-vis their corporate clients (Jones, 1991). According to Goldman and Barlev (1974), auditors lack power, and are thus in danger of acceding to pressure from clients' management. Power differences can be observed within economic actors in ethically challenging situations, where auditors accede to the clients requests in turn for economic benefits. These power differences may affect the relationships between auditors and their clients, due to the fact that they are the result of economic pressure. Goldman and Barlev (1974) defined power relationships in terms of client management controlling the conditions of employment.

Tsui (1996) examined the relationship between moral reasoning and auditors' acceding to the client's request in Hong Kong. The findings demonstrated that auditors with higher moral reasoning scores were less likely to accede to the client's request, and had better judgments and were more independent in their respective reports. Tsui and Gul (1996) investigated a sample of auditors in Hong Kong and discussed the impact of ethical reasoning as a moderator on the relationship between locus of control and auditor's response to acceding to a client's request. They found that ethical reasoning may affect the auditors' ability to resist client pressure in a conflict. Gul *et al.* (2007) examined the impact of non-audit fees on auditor independence as a contingent factor on auditor tenure. Using a sample of 4720 U.S firms, the results indicated a positive relationship between auditor independence in terms of positive discretionary accruals and non-audit fees.

In short, most researchers investigate how different factors may influence individual perceptions of auditor independence (e.g., Beattie *et al.*, 1999; Gul, 1991; Pany and Reckers, 1980). Generally, non-audit services (see Blay and Geiger, 2013) and economic dependence are agreeable factors that affect an auditor's independence. Gul (1989) classified the number of factors that influence auditors' perception in an audit

environment, including the provision of non-audit services (see Blay and Geiger, 2013), audit tenure (see Lin and Fraser, 2008), client's financial condition, the level of audit client competition, and the size of audit firm. Encouragement, in several instances, impairs an auditor's independence, with regards to investment and loan decisions (Brown *et al.*, 1997; Lowe and Pany, 1995), although some market-based investigations provide limited affirmation for this detection (Frankel *et al.*, 2002), whereas other studies reject such findings (Defond *et al.*, 2002).

However, recent evidence on auditor independence (see Arya and Glover, 2014; Blay and Geiger, 2013), relationship between auditor independence and professional skepticism (e.g., Hurtt, Brown-Liburd, Earley, and Krishnamoorthy, 2013), audit firm rotation (e.g., Casterella and Johnston, 2013), audit fees and non-audit services (e.g., Blay and Geiger, 2013; Ratzinger-Sakel, 2013; Sharma, 2014) emphasized and suggested that the relationship between auditor and client management be considered with respect to withstanding auditor-client pressure in a conflict. Due to this importance and given the forgoing argument, therefore, the following hypothesis is proposed:

H0: Iranian auditors are more likely to accede to the client's request in a conflict situation.

**MATERIALS AND METHODS**

The aim of this study is to measure the acceding strengths of Iranian auditors, and whether or not they are more or less likely to accede to clients' request in a conflict. Therefore, auditors holding a certificate of Iranian Association of Certified Public Accountants (IACPA) are selected for this study. These auditors usually work in audit firms or government associations. The data collection process in the current study was accomplished using a questionnaire introduced by Knapp (1985), and further developed by Tsui (1996) and Gul *et al.* (2003). The questionnaire intended to assess the extent to which auditors accede to their client's request in a conflict. A scenario was presented, where the auditor of a company, while auditing, explored an item of company liability not reflected in the accounts. The financial manager of the company believed that the discovered liabilities were not as important, and thus opposes the auditor's opinion. Since the auditor must act in accordance to auditing standards and regulations, this created a conflict between the auditor and the company manager. Scenario points that "in your opinion if you were the auditor of this company, how likely would you avoid reporting this discovered liability". Respondents expressed their likelihood of response via responding to a ten-point Likert scale, based on percentage. At the end of the questionnaire, there is a contingency question where the respondents were required to state whether they had any experience confronting similar conflicts, and were asked to mention the number of the conflicts they experienced.

**RESULTS**

Out of 1000 questionnaire distributed to Iranian auditors who held IACPA certification, 432 questionnaires were analyzed. Using the SPSS software version 20, auditor accidence was measured. Frequency of auditor acceding from 0 to 100 results are shown in Table 1. According to the 0-100 Likert type

scales used, the minimum overall Auditor Acceding rating and maximum range were 0.0 and 100.0, respectively.

**TABLE 1 HERE**

**Table1. Frequency of Auditor Acceding**

Range	Frequency	Percent	Valid Percent	Cumulative Percent
0 - 20	267	61.8	61.8	61.8
21 - 40	88	20.4	20.4	82.2
41 - 60	35	8.1	8.1	90.3
61 - 80	28	6.5	6.5	96.8
81 - 100	14	3.2	3.2	100.0
Total	432	100.0	100.0	

Table 2 shows the characteristics of the variables, namely, the average value (Mean), Median, Mode, standard deviation, Skewness, Kurtosis, Minimum, and Maximum. The average level refers to the central place that sample data are comparatively centralized in statistics. However, its representativeness is influenced by the degree of each observation data's variation. Standard deviation is used to compute the degree of each observation data's variation, namely the difference of sample data.

The median Auditor Acceding rating value was 20.0, with a standard deviation of 23.34. The mean Auditor Acceding rating was 25.95, implying that the overall level of Auditor's Acceding is quite high. The skewness value was 1.361, which indicates that the distribution is normal, given that a skewness value between ±1.0 is considered as a perfectly normal distribution (George and Mallery, 2003).

**TABLE 2 HERE**

**Table 2. ccharacteristics of the variable**

	Acceding
N	432
Mean	25.95
Median	20.0
Mode	10.00
Std. Deviation	23.34
Skewness	1.361
Kurtosis	1.067
Minimum	.00
Maximum	100.00

As shown in Table 3, the respondents included 346 (80.1%) males and 86 (19.9%) females. The statistics in this table shows that the majority of the respondents were males. These percentages reflect the current number of auditors in audit firms, most of whom are males. In terms of education, 72.2% of the respondents (312) held university degrees, while 24.8% of respondents (107) held postgraduate degrees. Furthermore, 3% of the respondents are PhD graduates. The results indicated that the respondents were highly educated, which is reflected in their respective positions.

Table 3 shows the majority of the respondents were in the age group of below 30 years old. This group consists of 183 respondents, constituting 42.4% of the sample. This statistical results indicates that the majority of Iranian auditors are young. The second largest age group consist of 127 respondents between 31 - 40 years old, constituting 29.48% of the respondents.

There were 77 (17.8 %) respondents in the 41 - 50 years age group. 45 respondents, or 10.4 % of the sample, formed the smallest age group, at over 50 years old. Finally, the mean age of total sample is 35.75.

**TABLE 3 HERE**

**Table 3. Characteristics of Respondents**

Measure	Categories	Frequency	Percent	Cumulative Percent
Gender	Male	346	80.1	80.1
	Female	86	19.9	100.0
	Total	432	100.0	
Education	B.S	312	72.2	72.2
	M.A	107	24.8	97.0
	PhD	13	3.0	100.0
Age	Below 30 years old	183	42.4	42.4
	31 - 40 years old	127	29.4	71.8
	41 - 50 years old	77	17.8	89.6
	Over 50 years old	45	10.4	100.0

Furthermore, the mean of acceding (showed in Table 2) is 25.95. The comparison of the mean and the results of auditor's acceding (61.8 percent) indicates that Iranian auditor are less than likely to accede to a client' request. However, most studies investigated the auditor acceding in terms of auditor independence (i.e,Windsor and Ashkanasy, 1995; 1996), with some of them listed in Table 4.

**Table 4. Studies Conducted on Auditor Acceding**

Authors	Sample	Group Studies	Mean of Acceding
Tsui (1996)	50	Auditors from Big Six	24.60
Tsui and Gul (1996)	80	Four Big Six and Five Non-Big six CPA firms	24.06
Gul <i>et al.</i> , (2003)	53	Chinese auditors	2.9
The current study	432	Iranian Auditors	25.95

**DISCUSSION AND CONCLUSION**

Independence is essentially regarded as the auditors' incentives. Independency guides the auditors' knowledge, and allows them to make judgment and show knowledge-based inclinations. Antle *et al.* (2006) further noted that it seems that the profitability of the services provided by auditors and their legal liability are the two main determinants of auditors' incentives. In other words, there is a potential of a conflict between auditors and client's management in the auditing process (Gul, 1991; Patel, 2006).

In conflicts, the role of auditor independence is more pronounced (Knapp, 1985; Patel, 2006). Therefore, this study intends to probe the following question with regard to auditors' independence and auditor acceding, and whether or not Iranian auditors are more likely to accede to a client's request when faced with a conflict. According to DeAngelo (1981), the audit quality has two characteristics: auditor competence and auditor independence. Auditor competence is related to auditors' discovery of flaws, including a violation in the accounting system. Therefore, an auditor needs to report the discovered flaws in an audit practice. Auditor independence demands that the auditors contemplate, act, and report independently (i.e., to resist to the client manager's pressure).

The lack of auditors' independence and their inability to report flaws will lead to lower audit quality, poor public trust, and higher cost of capital premium (DeAngelo, 1981; Johnstone *et al.*, 2001). Therefore, auditors who are unlikely to accede to clients' request can maintain their respective independence. In this research, the findings indicate that Iranian auditors are independent based on the definition of audit quality proposed by DeAngelo (1981). As seen in Table 1, 61.8 percent of auditors falls within 0-20 of their tendency to accede to a client's request. This means that most auditors are less likely to accede to the clients' managers' request.

As indicated in literature, the mean of auditor acceding were reported in different studies in Asia, as demonstrated in the Table 4. These values were compared with the mean values of the current work.

**TABLE 4 HERE**

The importance of auditor independence, both genuine and as perceived, has been widely acknowledged by both theory-makers and regulators. The audited financial statements are valuable, and while it is assumed that the auditors are independent of their client's management, auditors should be independent in both fact and appearance.

This synoptic account of auditor independency focuses on the extent to which these theory makers and regulators' recommendations can influence the auditor. Therefore, the role of auditing in financial markets is of great significance. Previous scandals and presumed failures score obliges the auditor to be independent, which increases the quality of the audits. Generally, the results demonstrate that auditors are less likely to accede to a client request in a conflict, and tend to maintain their respective independence when facing conflicts. The sample of this study included auditors who held IACPAs certificate.

Other investigations can be done on auditors in governmental audit institutes, namely the Audit Organization of Iran. Groups of Iranian auditors are divided into two main groups, including auditors in private firms and auditors who work for the government. Further study also can be planned to investigate auditor acceding between Iranian auditors who work in private firms, and compare with auditors working for the government (Audit Organization). Finally, another angle that is worth exploring is the determination of Iranian auditors' motivation for not acceding.

## REFERENCES

- Antle, R., Gordon, E., Narayanamoorthy, G. and Zhou, L. 2006. The joint determination of audit fees, non-audit fees, and abnormal accruals. *Review of Quantitative Finance and Accounting*, 27(3), 235-266.
- Arya, A. and Glover, J. 2014. Auditor Independence Revisited. *Journal of Accounting, Auditing and Finance*, 29(2), 188-198.
- Ashbaugh-Skaife, H., Collins, D. W., Kinney Jr, W. R. and LaFond, R. 2008. The effect of SOX internal control deficiencies and their remediation on accrual quality. *The Accounting Review*, 83(1), 217-250.
- Ashbaugh-Skaife, H., Collins, D. W. and Kinney, W. R. 2007. The discovery and reporting of internal control deficiencies prior to SOX-mandated audits. *Journal of Accounting and Economics*, 44(1), 166-192.
- Beattie, V., Brandt, R. and Fearnley, S. 1999. Perceptions of auditor independence: UK. evidence. *Journal of International Accounting, Auditing and Taxation*, 8(1), 67-107.
- Bennouri, M., Nekhili, M. and Touron, P. 2012. Does Auditors' Reputation Discourage Related-Party Transactions? The French Case. *Auditing: A Journal of Practice and Theory*.
- Blay, A. D. and Geiger, M. A. 2013. Auditor Fees and Auditor Independence: Evidence from Going Concern Reporting Decisions. *Contemporary Accounting Research*, 30(2), 579-606. doi:10.1111/j.1911-3846.2012.01166.x
- Brown, J. B., McWilliam, C. L. and Mai, V. 1997. Barriers and facilitators to seniors' independence. Perceptions of seniors, caregivers, and health care providers. *Canadian Family Physician*, 43, 469.
- Carmichael, D. R. and Swieringa, R. J. 1968. The Compatibility of Auditing Independence and Management Services -- An Identification of Issues. *The Accounting Review*, 43(4), 697-705. doi:10.2307/243631
- Casterella, J. R. and Johnston, D. 2013. Can the academic literature contribute to the debate over mandatory audit firm rotation? *Research in Accounting Regulation*, 25(1), 108-116.
- Cohen, J., Krishnamoorthy, G. and Wright, A. 2004. The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 23(1), 87-152.
- Cullinan, C. 2004. Enron as a symptom of audit process breakdown: can the Sarbanes-Oxley Act cure the disease? *Critical Perspectives on Accounting*, 15(6), 853-864.
- DeAngelo, L. E. 1981. Auditor independence, 'low balling', and disclosure regulation *Journal of Accounting and Economics*, 3(2), 113-127. Retrieved from <http://www.sciencedirect.com/science/article/B6V87-474XWBN-9/2/39d4a715fb139c924c03250f0e3894f8>
- Defond, M. L., Raghunandan, K. and Subramanyam, K. R. 2002. Do Non-Audit Service Fees Impair Auditor Independence? Evidence from Going Concern Audit Opinions. *Journal of Accounting Research*, 40(4), 1247-1274. Retrieved from <http://www.jstor.org/stable/3542312>
- Doyle, J., Ge, W. and McVay, S. 2007. Determinants of weaknesses in internal control over financial reporting. *Journal of Accounting and Economics*, 44(1-2), 193-223. doi:DOI: 10.1016/j.jacceco.2006.10.003
- Fiolleau, K., Hoang, K., Jamal, K. and Sunder, S. 2013. How Do Regulatory Reforms to Enhance Auditor Independence Work in Practice? *Contemporary Accounting Research*, 30(3), 864-890. doi:10.1111/1911-3846.12004
- Firth, M. 1997. An analysis of the stock market performance of new issues in New Zealand. *Pacific-Basin Finance Journal*, 5(1), 63-85. doi:Doi: 10.1016/s0927-538x(96)00026-1
- Ford, R. C. and Richardson, W. D. 1994. Ethical decision making: A review of the empirical literature. *Journal of Business Ethics*, 13(3), 205-221.
- Frankel, R. M., Johnson, M. F. and Nelson, K. K. and Management, S. S. O. 2002. *The relation between auditors' fees for non-audit services and earnings quality*: MIT Sloan School of Management.
- George, D. and Mallery, M. 2003. Using SPSS for Windows step by step: a simple guide and reference. *Boston, MA: Allyn y Bacon.[Links]*.
- Goldman, A. and Barlev, B. 1974. The auditor-firm conflict of interests: Its implications for independence. *The Accounting Review*, 49(4), 707-718.
- Gul, F. A. 1989. Bankers' perceptions of factors affecting auditor independence. *Accounting, Auditing and Accountability Journal*, 2(3).
- Gul, F. A. 1991. Size of Audit Fees and Perceptions of Auditors' Ability to Resist Management Pressure in Audit Conflict Situations. *Abacus*, 27(2), 162-172. doi:10.1111/j.1467-6281.1991.tb00264.x
- Gul, F. A., Jaggi, B. L. and Krishnan, G. V. 2007. Auditor independence: evidence on the joint effects of auditor tenure and nonaudit fees. *Auditing*, 26(2), 117.
- Gul, F. A., Ng, A. Y. and Tong, M. Y. J. W. 2003. Chinese Auditors' Ethical Behavior in an Audit Conflict Situation. *Journal of Business Ethics*, 42(4), 379-392. Retrieved from <http://www.jstor.org/stable/25074966>
- Honeycutt, E. D. J., M. Glassman, Zugelder, M. T. and Karande, K. 2001. Determinants of Ethical Behavior: A Study of Autosalespeople. *Journal of Business Ethics*, 32(1), 69-79.
- Hurt, R. K., Brown-Liburd, H., Earley, C. E. and Krishnamoorthy, G. 2013. Research on Auditor Professional Skepticism: Literature Synthesis and Opportunities for Future Research. *Auditing: A Journal of Practice and Theory*, 32(Supplement 1), 45-97. doi:doi:10.2308/ajpt-50361
- Johnstone, K. M., Sutton, M. H. and Warfield, T. D. 2001. Antecedents and Consequences on Independence Risk: Framework for Analysis. *Accounting Horizons*, 15(1), 1-18. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true and db=bth and AN=4284751 and site=ehost-live>
- Jones, T. M. 1991. Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model. *The Academy of Management Review*, 16(2), 366-395. Retrieved from <http://www.jstor.org/stable/258867>
- Knapp, M. C. 1985. Audit Conflict: An Empirical Study of the Perceived Ability of Auditors to Resist Management Pressure. *The Accounting Review*, 60(2), 202-211. Retrieved from <http://www.jstor.org/stable/246786>
- Lin, K. Z. and Fraser, I. A. M. 2008. Auditors' Ability to Resist Client Pressure and Culture: Perceptions in China and the United Kingdom. *Journal of International Financial Management and Accounting*, 19(2), 161-183. doi:10.1111/j.1467-646X.2008.01020.x

- Low, M., Davey, H. and Hooper, K. 2008. Accounting scandals, ethical dilemmas and educational challenges. *Critical Perspectives on Accounting*, 19(2), 222-254.
- Lowe, D. J. and Pany, K. 1995. CPA performance of consulting engagements with audit clients: Effects on financial statement users' perceptions and decisions. *Auditing*, 14(2), 35. Retrieved from [http://proquest.umi.com/pqdweb?did=7705773 and Fmt=7 and clientId=18803 and RQT=309 and VName=PQD](http://proquest.umi.com/pqdweb?did=7705773&Fmt=7&clientId=18803&RQT=309&VName=PQD)
- Mautz, R. K. 1984. Self-regulation: Criticisms and a response. *Journal of Accountancy*, 157(4), 56-66.
- Mautz, R. K. 1988. Public accounting: Which kind of professionalism. *Accounting Horizons*, 2(3), 75-77.
- Mautz, R. K. and Sharaf, H. A. 1961. *The philosophy of auditing*: American Accounting Association.
- McPhail, K. and Walters, D. 2009. *Accounting and Business Ethics*
- Nelson, M. W. 2004. A review of experimental and archival conflicts-of-interest research in auditing. Available at SSRN 511383.
- Pany, K. and Reckers, P. M. J. 1980. The Effect of Gifts, Discounts, and Client Size on Perceived Auditor Independence. *The Accounting Review*, 55(1), 50-61. Retrieved from <http://www.jstor.org/stable/246170>
- Patel, C. 2006. *A comparative study of professional accountants' judgments* (First edition ed. Vol. 15). Kidlington, Oxford: Elsevier Ltd.
- Ponemon, L. A. and Gabhart, D. R. L. 1990. Auditor independence judgments: A cognitive-developmental model and experimental evidence. *Contemporary Accounting Research* 7(1), 227-251.
- Ratzinger-Sakel, N. V. 2013. Auditor Fees and Auditor Independence-Evidence from Going Concern Reporting Decisions in Germany. *Auditing: A Journal of Practice and Theory*, 32(4), 129-168.
- Reidenbach, R. E. and Robin, D. P. 1990. Toward the development of a multidimensional scale for improving evaluations of business ethics. *Journal of Business Ethics*, 9(8), 639-653.
- Reiter, S. A., and Williams, P. F. (2004). The Philosophy and Rhetoric of Auditor Independence Concepts. *Business Ethics Quarterly*, 14(3), 355-376. Retrieved from <http://www.jstor.org/stable/3857736>
- Richard, C. (2006). Why an auditor can't be competent and independent: a French case study. *European accounting review*, 15(2), 153-179.
- Salehi, M., Mansoury, A. and Azary, Z. 2009. Audit Independence and Expectation Gap: Empirical Evidences from Iran. *International Journal of Economics and Finance*, 1(1), P165.
- Sharma, D. 2014. Non Audit Services and Auditor Independence.
- Simunic, D. A. 1984. Auditing, Consulting, and Auditor Independence. *Journal of Accounting Research*, 22(2), 679-702. Retrieved from <http://www.jstor.org/stable/2490671>
- Sucher, P. and Maclulich, K. 2004. "A Construction of Auditor Independence in The Czech Republic: Local Insight". *Accounting, Auditing and Accountability Journal*, 17( 2), 276-305.
- Trevino, L. K. 1986. Ethical Decision Making in Organizations: A Person-Situation Interactionist Model. *The Academy of Management Review*, 11(3), 601-617. Retrieved from <http://www.jstor.org/stable/258313>
- Trevino, L. K. and Youngblood, S. A. 1990. Bad apples in bad barrels: A causal analysis of ethical decision-making behavior. *Journal of Applied Psychology*, 75(4), 378-385. doi:10.1037/0021-9010.75.4.378
- Tsui, J. 1996. Auditors' ethical reasoning: Some audit conflict and cross cultural evidence. *The International Journal of Accounting*, 31(1), 121-133. Retrieved from <http://www.sciencedirect.com/science/article/B6W4P-45JXC9N-8/2/552dbf11dc01879bba4197f3cdbc008f>
- Tsui, J. and Gul, F. A. 1996. Auditors' behaviour in an audit conflict situation: A research note on the role of locus of control and ethical reasoning. *Accounting, Organizations and Society*, 21(1), 41-51. Retrieved from <http://www.sciencedirect.com/science/article/B6VCK-3Y2FY83-3/2/59124ce615adf9d81ece0e86ce6ba7c8>
- Watts, R. and Zimmerman, J. 1986. *Positive accounting theory*: Prentice-Hall, Englewood Cliffs, NJ.
- Watts, R. L. and Zimmerman, J. L. 1990. Positive accounting theory: a ten year perspective. *Accounting Review*, 131-156.
- Windsor, C. A. and Ashkanasy, N. M. 1995. The effect of client management bargaining power, moral reasoning development, and belief in a just world on auditor independence. *Accounting, Organizations and Society*, 20(7-8), 701-720. Retrieved from <http://www.sciencedirect.com/science/article/B6VCK-3YCDWS1-7/2/3074aa5ea2cbeacc04fbfb1f0bdb5da8>
- Windsor, C. A. and Ashkanasy, N. M. 1996. Auditor independence Decision making: The Role of Organizational Culture Perceptions'. *Behavioral Research in Accounting*, 8, 80-97.

\*\*\*\*\*