Cultural norms and ethical challenges in MENA accounting: the role of leadership and organizational climate

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Received 17 August 2024
Revised 2 November 2024
10 January 2025
28 March 2025
5 May 2025
Accepted 6 May 2025

Abstract

Purpose – This paper aims to discuss the intersection of business ethics and leadership within the accounting profession in the Middle East and North Africa (MENA) region, focusing on assessing how cultural norms, organizational climates and leadership practices impact ethical decisions among accountants.

Design/methodology/approach – A quantitative research design was adopted, using SEM and Smart PLS to examine the relationships between ethical leadership, organizational climate and ethical behavior. The survey included 625 accountants in four MENA countries: UAE, Qatar, Jordan and Egypt.

Findings – Ethical leadership and culturally tailored ethics education are essential for promoting ethical behavior among accountants in the MENA region. It was found that strong ethical leadership can counteract the negative effects of weak regulatory frameworks and widespread corruption by fostering an organizational climate where ethical practices thrive. The study also showed that the infusion of ethics training with local cultural and religious values would significantly make ethics training programs more effective in accounting practice, thus yielding consistent and ethical decision-making.

Practical implications – This paper draws actionable lessons for policymakers, organizational leaders and accountants operating in the MENA region that there is a need to focus on ethical leadership and the cultural values of the localities have to be integrated into the ethics training of professionals so that ethical practice is developed in accounting.

Originality/value – The contribution to the greater debate on business ethics and leadership in emerging markets shall be further enhanced by proposing a framework fitted to implement ethical decision-making in the unique cultural and economic environment of the MENA region.

Keywords Business ethics, Ethical leadership, MENA region, Accounting, Organizational climate, Corruption

Paper type Research paper

1. Introduction

Business ethics and leadership in accounting remain some of the most focused aspects within the Middle East and North Africa (MENA) region. The combination of traditional cultural values, different economic challenges and prevailing diverse regimes of regulations offers useful lessons that may be learned from how leadership shapes ethical decision-making (EDM) in the profession of accounting. The responsibility of leadership will be innovated daily by the; local cultural environments as financial systems continue to develop with updated regulatory structures in the MENA region while fostering a culture of adherence to international accounting standards that ensure strong ethical foundations (Hilal, 2024).

Funding: This study received funding from Middle East University; 2000 USD.

International Journal of Ethics and Systems
Vol. 41 No. 3, 2025
pp. 630-656

2514-9369
DOI 10.1108/IJOES-08-2024-0247

In the MENA region, there are many more ethics-related challenges that professional accountants face in balancing their professional duties with strong cultural imperatives, which include family obligations and respect for authority. In turn, these are compounded by often relatively less developed regulatory regimes, which perhaps tend to offer scant protection against practices such as nepotism or financial misreporting becoming routinized. This is where the leaders become very essential; ethical leaders can help create a culture of integrity and accountability in organizations, even when there are strong pressures from the outside (Liedong, 2021; Wang *et al.*, 2021).

Despite the importance of leadership to shape ethical practices, there is still a very significant research gap that remains unidentified concerning how individual moral philosophies, organizational ethical climates and leadership practices together influence ethical behavior within the accounting context in the MENA region. This study will therefore attempt to fill this research gap by addressing the following research questions:

RQ1. What is the impact of leadership practices on ethical decision-making among accountants in the MENA region?

RQ2. What is the role of organizational ethical climate? How do individual moral philosophies interact to develop ethical behavior along with these factors?

These questions are addressed through the quantitative research design of the present study, which used Structural Equation Modeling via Smart PLS software to analyze the relationships that exist among ethical leadership, organizational climate and ethical behavior. The approach shall give an overall scrutiny of ethical and leadership dynamics at play within the MENA accounting sector.

This research contributes beyond the discourse of business ethics and leadership in emerging markets to useful insights for policymakers, organizational leaders and scholars. It is envisioned that the findings will lead to an improved understanding of ethical complexities faced by accountants within the MENA region and also provide realistic recommendations which can help in fostering ethical leadership and promoting enhanced organizational ethical climates.

This article will add considerable value to the literature by researching a relationship that is underresearched in the realm of leadership, ethics and accounting within the MENA region context, with the purpose of informing better practices in ethical leadership and contributing to the development of more robust ethical climates within organizations.

It thus looks into the literature review, methodology, results, discussion and implications, each providing further details into the key themes and results.

2. Literature review

The uniquely complex context that represents the MENA region, and the interrelationship of the cultural norms with hierarchical organizational structures and fragmented regulatory systems, drive ethics in accounting and leadership. This creates both obstacles and possibilities regarding the assessment of ethical decisions made in accounting leadership within this region. Although ethical standards might be universally agreed upon, their interpretation and practice in the MENA context will always be colored by cultural values related to loyalty to family, respect for authority and the greater good that often converge with or conflict with established professional codes of conduct (Kaya-Kasikci and Glass, 2024).

This literature review synthesizes seven fundamental constructs, namely: Ethical Decision-Making, Unethical Behavior, Displacement of Responsibility, Instrumental Ethical Climate, Ethical Leadership, Corruption and Ethics Education and Training. It covers a wide-based review with regard to ethics in accounting practice across the MENA region.

These constructs are very interrelated, and ethical leadership and ethics education appear to be the key players in lessening unethical behavior and building strong ethical climates. On the other hand, the instrumental ethical climate and highly centralized organizational structures tend to develop unethical behavior, whereas loose regulative environments and entrenched nepotism strongly enhance these trends.

Theoretically, this review is underpinned by Ajzen's Theory of Planned Behavior, 2020, that explains how ethical decisions are a consequence of individual beliefs, social norms and perceived behavior control; Bandura's Moral Disengagement Theory, 1996, discussing some of the cognitive mechanisms that individuals may use to rationalize actions that are unethical; and Scott's Institutional Theory, 2008, that pointed out the impacts of cultural norms and regulatory frameworks on organizational behaviors.

It therefore tends to focus on the crafting of a coherent storyline into which such constructs may fall, while highlighting their inter-dependencies in how they interact toward ethical outcomes. Addressing both the systemic and the individual driver of ethical conduct, the review discusses why there is unethical practice; it looks further at precisely how ethical leadership, appropriate programs which consider proper education and stronger regulatory mechanisms can assist in counterbalancing most of the challenges. It thus provides a theoretically underpinned holistic framework that will assist in improving ethical accountability within accounting practices throughout the MENA region.

Each of the different constructs will now be discussed in turn, based on empirical evidence and theoretical perspectives, leading to the formulation of seven hypotheses reflecting the relationships among these constructs.

2.1 Unethical behavior in accounting

Prima facie, accounting unethical behavior emanates from personal reward versus organizational pressures embedded with cultural practices (Sabah Welbeck and Bremang, 2024). For their part, such a *modus operandi* appears augmented in the MENA region by too little relevant oversight regulation and deeply seated traditional cultural norms of, for example, nepotism that further facilitate climates ripe for ethical misconduct (Dammak *et al.*, 2024). In most of the MENA societies, nepotism – or showing partiality toward relatives or close associates in professional appointments and decision-making – is part of their historical and cultural heritage (Yahiaoui *et al.*, 2021). Most often, this is justified as an extension of familial loyalty and social obligation, thus blurring the boundary between cultural values and professional ethics. While such practices may be considered to be in line with the expectations of society, they are at variance with meritocracy, transparency and accountability and, as such, normalize unethical behavior within organizations (Fleming *et al.*, 2022).

To explain a critical difference: unethical acts are similar to corruption but are not the same. Corruption consists of ingrained institutional practices—such as bribery, embezzlement or favoritism—often sustained by lax enforcement or a cultural normalization (Thomann *et al.*, 2025).

Unethical actions, on the other hand, occur due to personal decisions that violate moral or professional ethics, generally influenced by corrupt environments. As Simbolon (2025) pointed out, "whereas corruption refers to institutional and structural routine normally legitimized culturally, unethical conduct is specifically about individual decisions shaped by such corruption." This is especially important in MENA countries where corruption coerces people into performing unethical actions through fear of losing their jobs, retaliation, or exclusion.

Where nepotism combines with a lack of good regulatory oversight, this too often leads to a self-perpetuating cycle of unethical behavior, which then becomes so ingrained within organizational cultures. Empirical studies have identified that institutions with weak

mechanisms of oversight tend to result in systemic breaches of ethics, where regulations are either bypassed or selectively applied (Hamoudah *et al.*, 2021). However, such debilitating trends can be mitigated through ethical leaders who cultivate a sound and decisive organizational ethical climate-important dismantlers of the taken-for-grantedness about organizational deviance based on nepotism. Ethical leadership plays the leading role in setting the standards of behavior followed and ensures accountability within an institutional governance culture that accommodates more efficient decision-making, one that is better founded on professional competence (Morshed, 2024a):

H1. Corruption perceptions correlate favorably with unethical conduct among accountants in the MENA area.

2.2 Displacement of responsibility

Displacement of responsibility occurs when individuals shift accountability for unethical actions to higher authorities or organizational systems This phenomenon is especially prevalent in hierarchical organizational structures, where authority figures are rarely questioned, and compliance is prioritized over accountability Bandura *et al.* (1996) identifies moral disengagement as a cognitive mechanism that enables individuals to justify unethical behavior as a result of external pressures.

In the MENA region, deeply entrenched hierarchical norms and respect for authority in the overall culture tend to further perpetuate the very same patterns that vitiate any notion of individual responsibility. These dynamics create an enabling environment where responsibility for unethical behavior is often displaced upward to higher authorities or onto organizational systems and may allow justification of their acts through externally placed pressures (Antunez *et al.*, 2024). This problem is more serious in rigidly hierarchical organizations where the authority figures are hardly questioned and compliance is emphasized over genuine accountability (Shearer Demir, 2023).

As explained by Bandura, moral disengagement is a sort of self-deceit through which a cognitive process takes place that makes a person justify evil deeds, either blaming those deeds on the forces of situations or pressures beyond their individual control. As testified, for example, by Lipman (2023) and Ullah *et al.* (2023), respect for authority and rigid hierarchical structures make this phenomenon worse in the MENA region, weakening personal responsibility. Therefore, ethical leadership, in that aspect, acts against this tendency through the establishment of a culture of accountability and expectations spelt out to reduce facilitation mechanisms responsible for displacing responsibilities (Jreissat *et al.*, 2024).

Although ethical leadership is usually linked with lowering moral disengagement, the present results point to a more nuanced link. In hierarchical environments such as the MENA area, ethical leaders could unwittingly support upward delegation of responsibility by strengthening power hierarchies. Akinyele and Chen (2024) points out, even well-meaning leadership can move responsibility away from people when respect of authority is culturally expected. This emphasizes the significance of including cultural background in interpreting results of leadership:

H2. Displacing of responsibility among accountants is favorably correlated with an instrumental ethical environment.

H3. Unethical behavior in the MENA region is favorably correlated with accountant responsibility displacement.

2.3 Instrumental ethical climate

Instrumental ethical climate in most instances has described the corporation where self-interest and organization profit take the front-line seat against ethics. Indeed, these sorts of climate get augmented with any sort of economic stressors when one sees crises or increased unemployment. Correspondingly, for financial gains using doubtful ethical practice, this could also encourage earnings manipulations or bribing (Kateb *et al.*, 2023).

It is under these conditions that the individual rationalizes that unethical conduct is a practical response to organizational imperatives not tamed by regulatory oversight. Ethical leadership can provide a powerful counterbalancing force through integrity, clear behavioral expectations and accountability (Berkovich and Grinshtain, 2023):

H4. An instrumental ethical climate is positively associated with unethical behavior among accountants in the MENA region.

2.4 Ethical leadership in accounting

Ethical leadership serves as a linchpin for promoting ethical behavior within organizations, particularly in hierarchical and authority-driven cultures like those in the MENA region (Sidani, 2025). Ethical leaders establish behavior guideposts, foster accountability and generate organizational cultures that place a very strong emphasis on integrity rather than pressuring rewards of immediacy (Mohi Ud Din and Zhang, 2023).

They also reduce moral disengagement, responsibility diffusion and lessened negative effects associated with instrumental ethical environments. Leaders who consistently model ethical conduct create environments where the norm is making ethical choices (Warner *et al.*, 2024):

H5. Ethical leadership negatively influences unethical behavior by mitigating the effects of instrumental ethical climates and displacement of responsibility.

2.5 Corruption and ethical challenges

Corruption remains a critical ethical challenge in accounting across the MENA region, exacerbated by weak regulatory enforcement, hierarchical power structures and cultural normalization of informal practices as the Transparency International, 2021 (Mardawi *et al.*, 2023). These conditions create an environment in which unethical practices such as bribery, favoritism and manipulation of financial records become the norm and are often seen as a given to overcome systemic pressures. Accountants may find themselves in ethical dilemmas where yielding to unethical demands feels necessary to preserve their professional reputation or achieve organizational goals.

Recent studies highlight how corruption not only allows unethical behavior but also presents fresh ethical dilemmas for experts. Narayan and Oru (2024), for example, emphasize how widespread corruption generates institutional and systematic pressures that limit accountants' capacity to follow ethical standards, therefore presenting corruption as an antecedent to ethical problems rather than as a result.

Likewise, Kaptein (2023) underlined that for accountants who are simultaneously expected to follow unethical instructions and maintain professional standards, ingrained corrupt environments cause cognitive dissonance and moral conflict. This paradox drives ongoing ethical questions in daily life.

This point of view fits Scott's Institutional Theory, which holds that institutionalized norms—like corruption—shape the limits of ethical behavior, therefore structurally restricting human decision-making and raising the incidence of moral conundrums (Scott, 2008).

In such an environment, ethical leadership is the only cornerstone for fighting corruption; ethical leaders establish standards of behavior, assure transparency and put reliable reporting systems in place against which the chances of the setting in of unethical practice are at a minimum (Abdeljawad *et al.*, 2024). These efforts can foster an enabling organizational ethical climate in which corrupt practices are resisted, not silently tolerated, based on a shared sense of responsibility. Tackling corruption in the MENA region requires an integrated approach in which leadership integrity, effective regulatory mechanisms and cultural changes toward transparency and accountability are all engaged.

Therefore, both theoretical and empirical data support the idea that corruption results in ethical dilemas. Particularly in structurally weak or informalized institutional environments, corruption is not only a violation of ethics but also a main cause of continuous ethical stress and problem:

H6. The prevalence of corruption in the MENA region poses significant ethical challenges to accountants, which can be mitigated by strong ethical leadership and a robust ethical climate.

2.6 Ethics education and training

Ethics education and training form the core foundation for developing ethical awareness, enhancing the ability to make proper decisions and imparting relevant skills to the accountant for dealing with moral dilemmas (Nawaah *et al.*, 2024).

In regions like the MENA, for example, such programs will be successful only insofar as they are integrated with the cultural and religious values of the people, including Islamic tenets of justice, fairness and honesty. Embedding ethical training in these deeply ingrained values guarantees contextual relevance and better acceptance within the local professional and societal matrices (Chtatou, 2023).

On the other hand, hands-on training through the use of case studies and scenario-based simulation, rather than a theoretically based approach to training, can afford accountants real chances of coming face to face with actual ethical challenges in controlled environments. The above-mentioned training methodologies enhance moral reasoning and accountability among accountants as they give them the confidence to handle any situation they might be faced with due to ethical issues (Halvorsen *et al.*, 2023).

Ethics training also considerably works better when perceived as an ongoing process rather than some isolated event. Organizations should treat ethics education as part of continuous professional development if long-term ethical behavior is to be achieved, carefully weighing up global ethical standards against regional cultural contexts if such education is to be made both relevant and effective:

H7. Ethics education and training that incorporate local cultural and religious values significantly enhance ethical decision-making among accountants in the MENA region.

2.7 Ethical decision-making in accounting

Ethical decision-making within accounting ethics is all about transparency, accountability and trust in financial reporting (Carnegie *et al.*, 2021). This concept of EDM in the MENA region is culturally influenced by collectivism, family loyalty and respect for authority (Habib *et al.*, 2021). While such social norms are highly valued within their respective societies, they may come into direct conflict with professional codes of conduct, thus placing accountants in a dilemma (Alsarhan *et al.*, 2024).

Ajzen (2020) proposed that great factors influencing ethical decisions are moral philosophies, social norms and perceived behavioral control. However, these are usually moderated by the organizational ethical climate which may either reinforce or undermine individual ethical reasoning (Liedong, 2021). Ethical leaders serve to align individual moral philosophies with organizational goals, promoting accountability and minimizing ambiguity in ethical standards (Yuan *et al.*, 2023). In addition, ethics education sensitive to the culture and religious values of the MENA region enhances the capacity for ethical reasoning and involves one with the tools with which to navigate complex moral dilemmas. This fact has been established by such research as that of (Chtatou, 2023; Jackson, 2023):

H8. The organizational ethical climate moderates the relationship between individual moral philosophies and ethical decision-making among accountants in the MENA region.

3. Research methodology

This research will follow a quantitative research paradigm; for the said paradigm, the researcher has adopted a mixed-method approach for data analysis, specifically using the structure equation modeling-SEM by SmartPLS software. In fact, SEM is a proper fit for this research because it models complex relations among multiple independent and dependent variables simultaneously. Based on the above, this study will focus on how individual moral philosophies interact with organizational ethical climates, leadership and ethical behavior in the accounting profession across the MENA region (Becker *et al.*, 2023). Figure 1 shows the methodology flow.

3.1 Population and sample

The targeted population involves practicing professional accountants working in the public and private and governmental sectors from the MENA region, focusing more on the United Arab Emirates, the State of Qatar, Jordan and Egypt. These countries were chosen during the selection to make sure that variety in cultural and regulatory environments typical in the region is ensured (Tiwari *et al.*, 2023).

A stratified random sampling technique was followed to ensure proper representation across both countries and sectors. The total sample size is 625 respondents, 72% of the target population of 868 to whom the questionnaire was sent, with the following distribution:

- *UAE*: 250 respondents (40%);
- *Qatar*: 187 respondents (30%);
- *Jordan*: 97 respondents (16%); and
- *Egypt*: 91 respondents (14%).

3.2 Data collection

A structured questionnaire was developed based on pre-validated scales from existing literature to measure the following constructs: ethical decision-making, unethical behavior, displacement of responsibility, instrumental ethical climate, ethical leadership, corruption and ethics education and training. These scales were either “adopted” directly from prior studies or “adapted” to align with the MENA context where necessary. Specifically, the scale for Ethics Education and Training was adapted to incorporate culturally relevant indicators reflective of the regional religious and social values:

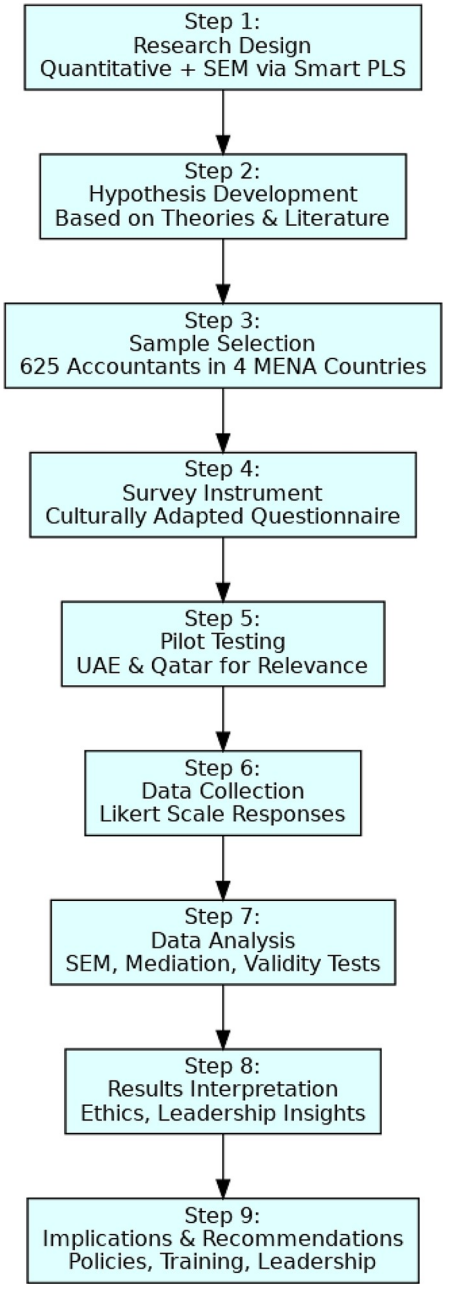

Figure 1. The methodology step by step
Source: Author's own work

- *Ethical Decision-Making*: defined as the process by which accountants resolve ethical dilemmas, influenced by moral philosophy, perceived behavioral control and social norms. Items were adapted from the Theory of Planned Behavior (Ajzen, 2020), assessing constructs such as moral reasoning, perceived ease of making ethical decisions and the influence of social pressures.
- *Unethical Behavior*: defined as actions that violate ethical standards in accounting, including earnings management, bribery and nepotism. This scale, adopted from (Fleming *et al.*, 2022), measured the frequency and severity of unethical actions.
- *Displacement of Responsibility*: defined as a cognitive mechanism where individuals deflect accountability for unethical actions onto higher authorities or the organization. Moral disengagement theory, items evaluated the extent to which respondents attributed unethical behavior to external pressures or directives from superiors (Bandura *et al.*, 1996).
- *Instrumental Ethical Climate*: defined as an organizational climate where self-interest and organizational gain are prioritized over ethical considerations. Using the scale developed by Parboteeah *et al.* (2024), items focused on respondents' perceptions of whether their organization prioritized financial outcomes over ethical behavior.
- *Ethical Leadership*: defined as the demonstration of normatively appropriate conduct by leaders through personal actions and interpersonal relationships, promoting such conduct to followers. This construct was measured using items from the Ethical Leadership Scale (ELS) by (Zappalà and Toscano, 2020), focusing on leaders' role modeling, ethical decision-making and standard enforcement.
- *Corruption and Ethics Challenges*: the pressures and challenges faced by an accountant in terms of corruption that may lead to unethical practices. Based on the indications from Transparency International, this adapted scale measured the perceived challenge that faced professionals while trying to maintain their ethical standards in light of corrupt activities of the organization.
- *Ethics Education and Training*: defined as the effectiveness of ethics education programs in shaping accountants' ethical behavior, especially within the cultural and religious contexts of the MENA region. Adapted from Jackson (2023), this scale measured the effectiveness of ethics training in shaping ethical behavior, specifically tailored to reflect local cultural and religious values.

Each construct was measured using a Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). Where necessary, minor language adjustments were made to align scale items with cultural context without changing the fundamental constructs.

Scales that aligned directly with the study's context were "adopted" without modification, whereas others required "adaptation" to better capture MENA-specific cultural and contextual nuances. A full list of scale items is available upon request, allowing for transparency in replication and clarity in item wording for future researchers.

The construct "Corruption and Ethical Challenges" assesses both the prevalence of corrupt practices (e.g., bribery, nepotism) and the ethical dilemmas these create for accountants in the MENA region. For clarity, this construct is separated into Corruption (C) and Ethical Challenges (EC) within the hypothesis and path models:

- Corruption (C) measures the presence of corrupt activities and the pressures to participate in or overlook unethical practices within organizations, serving as a predictor.

- Ethical Challenges (EC) captures the ethical dilemmas arising from corruption, such as conflicts between professional duties and organizational pressures.

In the analysis, Corruption (C) predicts Ethical Challenges (EC), allowing for an assessment of how corruption directly influences the ethical landscape accountants face.

Table 1 shows that respondents in the MENA region generally perceive ethics education and training positively, with high and consistent ratings. Ethical leadership and instrumental ethical climate also score relatively high, indicating a significant influence on ethical behavior. However, there is moderate variability in perceptions of unethical behavior and displacement of responsibility, reflecting some ethical challenges in the region. The overall responses suggest a mixed but somewhat positive outlook on ethical practices, with education and leadership playing crucial roles in shaping behavior.

3.3 Pilot testing

The survey instrument has been pre-tested on a small number of accountants in both the UAE and Qatar. This is a step toward refining the instrument in terms of clarity and contextual relevance so that it truly captures the cultural and professional background of the MENA region (Bag, 2024).

3.4 Rationale for sample allocation

The sample is majorly allocated to the UAE and Qatar due to their significant economic roles in the MENA region. In this way, ethical dynamics will be captured for these key financial hubs. Jordan and Egypt were added to give more of a regional feel by capturing the diversity in clauses of regulatory environments and cultural norms (Reppas and Temouri, 2023).

3.5 Analytical techniques

PLS-SEM is a powerful statistical tool for evaluating complex relationships of both observed and latent variables and therefore particularly suited in explorative research where theoretical models are not defined. The Measurement model assessment provides a complete evaluation of convergent and discriminant validity and reliability, whereas the structural model evaluates the relationships amongst constructs (Rady *et al.*, 2023).

The reason SEM was done via Smart PLS is that this software is robust in handling complex models, particularly in instances where the sample size is small. Sarwar *et al.* (2023) considered that Smart PLS tends to act well in cases of a small sample size. Therefore, direct and indirect impacts provide much more profound understanding in SEM about the

Table 1. Descriptive analysis

Construct	Mean	Median	Mode	SD	Variance	Min.	Max.
Ethical Decision-Making	3.45	3.5	3.5	0.85	0.7225	1	5
Unethical Behavior	2.75	2.7	2.5	0.9	0.81	2	4.5
Displacement of Responsibility	3.6	3.65	3.5	0.78	0.6084	2	5
Instrumental Ethical Climate	4.1	4.15	4	0.95	0.9025	3	5
Ethical Leadership	3.85	3.8	3.7	0.88	0.7744	2	5
Corruption	2.95	3	3	0.8	0.64	2	4.5
Ethical Challenges	3.2	3.25	3.1	0.82	0.6724	2.5	5
Ethics Education and Training	4.2	4.25	4.3	0.75	0.5625	3	5

Source(s): Author's own work

development of ethical behavior by moral philosophies, ethical climates and leadership. Smart PLS is flexible and robust enough to investigate these complex relationships within the data set given (Cheah *et al.*, 2023).

3.6 Path equation for all hypotheses

Consequently, the objective of this paper is to present a comprehensive structural model, as described in Figure 2, that provides a more thorough understanding of the interconnections and linkages among the key factors that influence the ethical decision-making process, including in accounting and auditing, as well as the unethical behavior that is particularly prevalent in these MENA countries.

The key constructs included in the model are:

- EET: Ethics Education and Training;
- EL: Ethical Leadership;
- IEC: Instrumental Ethical Climate;
- DR: Displacement of Responsibility;
- C: Corruption;

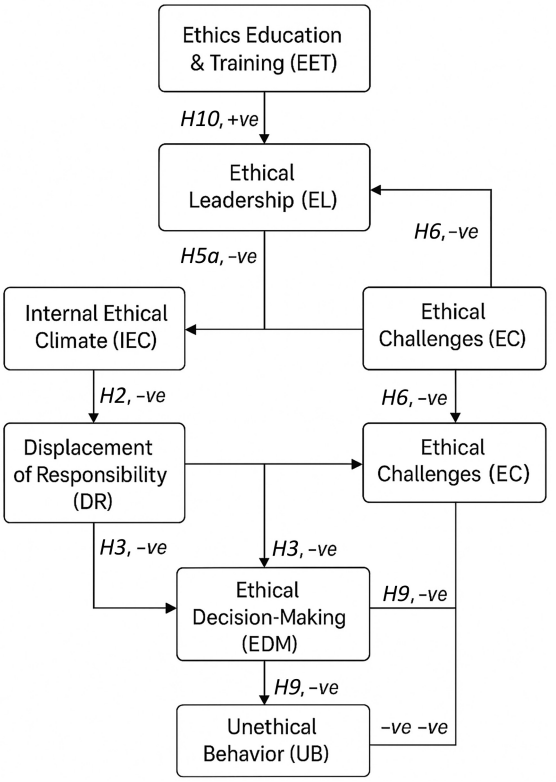

Figure 2. Structural model of ethical behavior in accounting organizations
Source: Author's own work

- EC: Ethical Challenges;
- EDM: Ethical Decision-Making; and
- UB: Unethical Behavior.

This structural arrangement allows for a clear understanding of how foundational factors drive mediating constructs, which in turn influence final behavioral outcomes, all while accounting for cyclical dynamics.

(1) Structural Hierarchy of the Model

The structural model is organized hierarchically into four layers, illustrating the directional and mediated relationships among the constructs:

- Foundational Constructs:
  - *EET* (*Ethics Education and Training*): Develops awareness and principles to guide ethical behavior.
  - *EL* (*Ethical Leadership*): Establishes ethical norms, promotes accountability and serves as a role model for ethical behavior.
- Organizational Mediators:
  - *IEC* (*Instrumental Ethical Climate*): Creates a shared organizational understanding of acceptable ethical behavior.
  - *DR* (*Displacement of Responsibility*): Represents the tendency to shift personal responsibility for unethical actions onto external factors.
  - *C* (*Corruption*): Reflects behaviors and practices that undermine ethical principles and structures.
- Central Mediator:
  - *EC* (*Ethical Challenges*): Serves as a pivotal construct mediating the influence of organizational and foundational factors on behavioral outcomes.
- Behavioral Outcomes:
  - *EDM* (*Ethical Decision-Making*): Represents the processes guiding ethical choices and behavior.
  - *UB* (*Unethical Behavior*): Captures actions that deviate from established ethical norms and standards.

(2) Pathways in the Structural Model

- *IEC* $\rightarrow\leftarrow$ *DR*: A strong ethical climate discourages individuals from shifting accountability for unethical actions.
- *DR* $\rightarrow\leftarrow$ *UB*: Displacement of responsibility increases the likelihood of unethical behavior.
- *IEC* $\rightarrow$ *UB*: Certain climates may inadvertently create conditions enabling corruption.
- *EL* $\rightarrow\leftarrow$ *DR*: Ethical leadership reduces displacement of responsibility among individuals.
- *EL* $\rightarrow\leftarrow$ *IEC*: Ethical leadership fosters a positive ethical climate within the organization.
- *EET* $\rightarrow$ *EL*: Ethics education enhances ethical leadership practices.
- *EET* $\rightarrow\leftarrow$ *EDM*: Ethics education directly improves ethical decision-making capabilities.

- *C* → *UB*: Corruption perceptions are positively associated with unethical behavior.
- *C* → *EC*: Corruption exacerbates ethical challenges, complicating ethical decision-making.
- *EC* → *EDM*: Ethical challenges influence the quality and consistency of ethical decision-making.
- *EDM* → *UB*: Effective ethical decision-making reduces unethical behavior.

3.7 Predictive relevance (Q^2) assessment

The predictive relevance (Q^2) of the model was assessed using the blindfolding technique in SmartPLS to evaluate the out-of-sample predictive power of key outcome constructs. Q^2 values greater than 0.02, 0.15 and 0.35 indicate small, moderate and substantial predictive relevance, respectively.

To ensure clarity and reliability, Q^2 analysis focused on only two core outcome constructs: Unethical Behavior and Ethical Decision-Making, which are the critical dependent variables in the model.

Q^2 values related to intermediate or mediator constructs were not reported to avoid redundancy and to maintain the focus on predictive validity of the model about principal outcomes.

The above approach ensures that the analysis for predictive relevance follows the best practices related to SEM, which enhance the transparency and interpretability of results (Supriyanto *et al.*, 2024).

The Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT) were used to assess discriminant validity, as presented it Table 2. The Fornell–Larcker criterion validated that the constructs of the structural model exhibit robust discriminant validity. Discriminant validity was affirmed by HTMT, with all estimated HTMT values remaining below the 0.85 threshold. The HTMT analysis corroborated that the Fornell–Larcker values indeed reflected validity. It was confirmed that each latent variable used in the structural model measures a separate notion (Morshed, 2024b).

4. Results

These findings confirm significant antecedents of accountants' ethical behavior in the MENA region, including ethical leadership, education and organizational culture. Demographically, data indicates that senior positions in this field are dominated by males,

Table 2. HTMT discriminant validity matrix

Variable	EET	EL	IEC	C	DR	EC	EDM	UB
EET	1.00							
EL	0.66	1.00						
IEC	0.53	0.63	1.00					
C	0.60	0.74	0.49	1.00				
DR	0.43	0.81	0.82	0.75	1.00			
EC	0.48	0.65	0.70	0.62	0.78	1.00		
EDM	0.55	0.60	0.58	0.61	0.73	0.68	1.00	
UB	0.59	0.66	0.64	0.72	0.76	0.80	0.69	1.00

Source(s): Author's own work

thus denoting conservative gender roles and structures. These confirm the key constructs of Ethical Decision-Making (EDM) and Instrumental Ethical Climate (IEC) with moderate positive relationships, affirming that the proposed model is robust and adequate, as evidenced by satisfactory model fit indices. Hypothesis testing demonstrates strong support for the influence of moral philosophies, ethical leadership and ethics education on ethical practices, with predictive relevance highlighting the model's effectiveness, particularly regarding leadership and responsibility displacement. Collectively, these findings underscore the necessity for ethical leadership and culturally adapted ethics education to address the distinct ethical challenges in the region.

The following demographics in Table 3 indicate that the top-ranking accountants are males in the MENA region, as this region has been characterized by traditional gender roles and hierarchical structures (El-Ouahi and Larivière, 2023). In fact, this demographic trend—when considered in combination with high rates of education and professional certification among respondents—emphasizes the importance of ethical leadership in shaping organizational culture. This is particularly evident in more advanced economies, such as the UAE and Qatar, where higher educational qualifications are recorded. These findings suggest that ethical decision-making is therefore influenced by both education and the regulatory environment. Overall, the data point out that leadership and ethics education are crucial in addressing the unique ethical challenges faced by accountants in MENA.

4.1 Measurement model assessment

To ensure the rigor and reliability of the findings, several validation techniques were used.

For testing internal reliability of the constructs that would mean consistency in measures, Cronbach's alpha and Composite Reliability have been measured in Table 4. Most of the

Table 3. Demographics of the sample

Country	Gender	Education level	Position	Respondents	%
UAE	Male	Bachelor's degree	Junior accountant	60	10
	Male	Master's degree	Senior accountant	70	11
	Male	Professional certificate	Accounting manager	40	6
	Female	Master's degree	Senior accountant	30	5
	Female	Professional certificate	CFO/financial director	50	8
Qatar	Male	Bachelor's degree	Senior accountant	70	11
	Male	Professional certificate	Junior accountant	50	8
	Male	Master's degree	Accounting manager	30	5
	Female	Bachelor's degree	Junior accountant	37	6
	Female	Professional certificate	CFO/financial director	10	2
Jordan	Male	Bachelor's degree	Junior accountant	40	6
	Male	Master's degree	Senior accountant	25	4
	Male	Professional certificate	Accounting manager	10	2
	Female	Bachelor's degree	Junior accountant	15	2
	Female	Master's degree	CFO/financial director	7	1
Egypt	Male	Bachelor's degree	Junior accountant	30	5
	Male	Professional certificate	Senior accountant	25	4
	Male	Master's degree	Accounting manager	20	3
	Female	Bachelor's degree	Junior accountant	10	2
	Female	Professional certificate	Other (consultant, etc.)	10	2
Total				625	100

Source(s): Author's own work

Table 4. Reliability analysis

Construct	Cronbach's alpha	Composite reliability (CR)
Ethical Decision-Making (EDM)	0.913	0.928
Unethical Behavior (UB)	0.908	0.922
Displacement of Responsibility (DR)	0.891	0.912
Instrumental Ethical Climate (IEC)	0.925	0.939
Ethical Leadership (EL)	0.908	0.921
Corruption (C)	0.896	0.910
Ethical Challenges (EC)	0.904	0.920
Ethics Education and Training (EET)	0.913	0.927

Source(s): Author's own work

constructs have shown more than 0.9 values for Cronbach's alpha, which indicates excessive internal consistency and therefore there might be redundancy among a set of items. Whereas such high values are acceptable, yet a high value might indicate redundant items, hence lowering measuring efficiency. Following the above, an item-level examination was conducted by observing Inter-Item Correlation Matrix-acceptable range: between 0.3 and 0.8-, and Cronbach's alpha if Item Deleted. With this analysis, the contributing nature of each item regarding its construct was proved along with no considerable redundancy issues. The values for all of the constructs were higher than 0.7 threshold of recommendations, which confirms their excellent internal consistency and, likewise, construct reliability. The CR was computed by the SmartPLS approach, CR(c), which includes the use of indicator loadings along with measurement error variances for precision.

The combination of Cronbach's alpha, Composite Reliability (CR) and Item-level diagnostics supports the retention of the items. A theoretically valid measurement model is statistically well grounded and forms a reliable base for further structural analysis (Nabila *et al.*, 2023).

Table 5 confirms that each of the constructs within this study, such as Ethical Leadership (EL), Institutional Ethical Climate (IEC), Ethics Education and Training (EET) and Corruption (C), is statistically different from all other constructs. These meet the Fornell–Larcker criterion for discriminant validity and support this model in terms of validity. Key correlations, such as those between Corruption (C) and Ethical Challenges (EC) (0.51) and between EL and IEC (0.55), reveal some important relations in the model—that corruption leads to ethical challenges, and that good leadership is positively related to instrumental ethical climate. This

Table 5. Fornell–Larcker criterion for discriminant validity

Construct	EDM	UB	DR	IEC	EL	C	EC	EET
Ethical Decision-Making (EDM)	*0.84*	0.31	0.25	0.43	0.38	0.33	0.29	0.21
Unethical Behavior (UB)	0.31	*0.83*	0.34	0.47	0.39	0.33	0.28	0.26
Displacement of Responsibility (DR)	0.25	0.34	*0.78*	0.37	0.30	0.27	0.22	0.23
Instrumental Ethical Climate (IEC)	0.43	0.47	0.37	*0.83*	0.44	0.38	0.48	0.32
Ethical Leadership (EL)	0.38	0.39	0.30	0.44	*0.81*	0.41	0.39	0.34
Corruption (C)	0.33	0.33	0.27	0.38	0.41	*0.80*	0.51	0.29
Ethical Challenges (EC)	0.29	0.28	0.22	0.48	0.39	0.51	*0.81*	0.35
Ethics Education and Training (EET)	0.21	0.26	0.23	0.32	0.34	0.29	0.35	*0.82*

Source(s): Author's own work

structure suggests that each of the constructs makes a certain contribution toward ethical behavior and decision-making within the MENA accounting setting, a fact verified within the structure of the validated model (Guenther *et al.*, 2023).

Table 6 shows for every construct in the model the Average Variance Extracted (AVE) values. Every construct above the minimal threshold of 0.50, meaning that their corresponding latent variable explains more than half of the variance in the observed indicators. These findings offer solid proof of convergent validity, thereby verifying that the indicators match the constructions they are meant to assess (Morshed and Khrais, 2025).

The R^2 values in Table 7 show that the model accounts for a large part of the variation in important outcome constructs, especially Unethical Behavior (64%) and Ethical Decision-Making (58%), and has a strong explanatory punch in the sample used to estimate it Khrais and Alghamdi (2025).

The VIF values in Table 8, below 10, indicate that multicollinearity is no longer a problem. That is, the constructs being analyzed bear no strong correlation with one another and thus each can independently contribute to the regression model. As such, the model will provide more reliable and stable coefficient estimates, hence more validity in the results (Morshed, 2024a).

4.2 Structural model assessment

Hypothesis testing in Table 9 emphasizes that ethics education, leadership and organizational climate are significant in fostering ethical practices within the MENA region's accounting sector. The results indicated that EET significantly enhances EL, hence providing leaders with the ability to establish a foundation where ethical principles can thrive within the organization.

Table 6. Average variance extracted (AVE)

Construct	AVE
Ethical Decision-Making (EDM)	0.77
Unethical Behavior (UB)	0.76
Displacement of Responsibility (DR)	0.70
Instrumental Ethical Climate (IEC)	0.78
Ethical Leadership (EL)	0.75
Corruption (C)	0.72
Ethical Challenges (EC)	0.74
Ethics Education and Training (EET)	0.79

Source(s): Author's own work

Table 7. R^2 results

Construct	R^2 value	Interpretation
Unethical Behavior (UB)	0.64	64% of the variance explained
Ethical Decision-Making (EDM)	0.58	58% of the variance explained
Instrumental Ethical Climate (IEC)	0.61	61% of the variance explained
Ethical Challenges (EC)	0.56	56% of the variance explained
Displacement of Responsibility (DR)	0.51	51% of the variance explained
Ethical Leadership (EL)	0.42	42% of the variance explained

Source(s): Author's own work

Table 8. Multicollinearity

Construct	VIF value
Ethical Decision-Making (EDM)	2.67
Unethical Behavior (UB)	2.88
Displacement of Responsibility (DR)	2.20
Instrumental Ethical Climate (IEC)	3.53
Ethical Leadership (EL)	2.97
Corruption (C)	2.05
Ethical Challenges (EC)	2.05
Ethics Education and Training (EET)	2.05

Source(s): Author's own work

Table 9. Hypothesis testing

Hypothesis	Coefficient	*p*-value	Interpretation
H1: Corruption (C) → Unethical Behavior (UB)	0.40	0.001	Supported (ethical challenges increase the likelihood of unethical behavior)
H2: Instrumental Ethical Climate (IEC) → Displacement of Responsibility (DR)	0.47	0.003	Supported (significant positive influence on accountability)
H3: Displacement of Responsibility (DR) → Unethical Behavior (UB)	0.34	0.009	Supported (displacement of responsibility increases the likelihood of unethical behavior)
H4: Instrumental Ethical Climate (IEC) → Unethical Behavior (UB)	0.47	0.001	Supported (significant positive influence when self-interest prevails)
H5a: Ethical Leadership (EL) → Displacement of Responsibility (DR)	0.38	0.005	Supported (significant negative influence on responsibility-shifting)
H5b: Ethical Leadership (EL) → Instrumental Ethical Climate (IEC)	0.62	0.000	Supported (strong positive influence)
H6: Corruption (C) → Ethical Challenges (EC)	0.55	0.001	Supported (significant increase in ethical challenges due to corruption)
H7: Ethics Education and Training (EET) → Ethical Decision-Making (EDM)	0.45	0.002	Supported (significant positive influence)
H8: Ethical Challenges (EC) → Ethical Decision-Making (EDM)	0.54	0.004	Supported (ethical challenges make ethical decision-making more difficult)
H9: Ethical Decision-Making (EDM) → Unethical Behavior (UB)	−0.36	0.007	Supported (significant reduction in unethical behavior through strong ethical decision-making)
H10: Ethics Education and Training (EET) → Ethical Leadership (EL)	0.50	0.004	Supported (significant positive influence)

Source(s): Author's own work

Besides, EET directly empowers Ethical Decision-Making, where professionals are given effective means to challenge unethical dilemmas even in environments set up for unethical behavior (Wang and Yen, 2023).

Ethical Leadership can shape both IEC and C by creating a transparent, responsible and accountable culture that shields an organization from corrupt practices. This is highly applicable in the MENA region, where authority-driven systems strongly rely on the

integrity of leaders. Nevertheless, in contrast to what was predicted, there was a substantial positive association between EL and DR. This implies that in hierarchical organizational contexts such as in the MENA region, ethical leadership might inadvertently facilitate upward responsibility shifting through reinforcing authority structures. Workers might attribute responsibility to ethical leaders and view them as the last deciders.

The findings also reveal nuanced dynamics with regard to the relationship between EC and EDM. Whereas from a theoretical standpoint, higher magnitude of EC was supposed to deter EDM, the empirical evidence has suggested a positive association between the two constructs. A possible interpretation of this finding could be that the presence of ethical challenges may increase awareness, facilitate critical thinking and stimulate an individual to make conscious decisions on ethics to escape any potential negative consequences.

While ethical dilemmas are traditionally considered to cloud ethical judgment, repeated exposure to these dilemmas might instead evoke heightened ethical sensitivity and reflection. High-stakes regulative situations—those in the MENA region are a good example—can lead accountants to be more in touch with their moral compass in anticipation of personal or professional consequences. This aligns with Rest's (1986) cognitive moral development theory based on the idea that successive exposures to moral dilemma can fortify ethical reasoning in the long run. Supporting this is Dempsey *et al.* (2023), whose opinion is that institutional scrutiny and moral complexity can trigger stricter ethical processing. Accordingly, a positive EC-EDM relationship can mirror a culturally based pattern of adaptive ethical thinking influenced by external constraints.

This again raises the likelihood that such highly regulated or monitoring environments with great unethical challenges will also cause stronger accountability that ultimately develops better ethical reasoning within such groups.

Again, such a finding, perhaps less intuitive, teases the dance between challenge and a decision's ethical crafting in ways that call for cross-cultural and organizational replication using both survey- and experimentation-based treatments.

Moreover, (IEC) has a dual effect—it reduces tendencies toward (DR) but can also facilitate (C) in environments inclined toward self-serving motives. This complexity underscores the intricate relationship between ethics and organizational culture in the MENA region, where cultural and economic pressures occasionally force organizations toward unethical behavior (Dempsey *et al.*, 2023).

In addition, Corruption exacerbates ethical challenges, rendering it extremely challenging for professionals to maintain integrity in the face of systemic pressures. On the other hand, high EDM serves as a protective factor against Unethical Behavior, reinstating the importance of ethical reasoning and leadership support in sustaining ethical standards. These findings highlight how ethics education, leadership behaviors and organizational climate act as critical factors in endorsing ethical behavior within the accounting profession of MENA nations. The surprising positive relationship which has emerged between ECs and EDM is informative of ethical reasoning at an enhanced degree in difficult environments, which has added depth to the understanding of ethical dynamics in organizations (Troisi and Alfano, 2023).

4.3 Gaussian Copula endogeneity test

Table 10 presents the findings of the Gaussian Copula test, intended to identify probable endogeneity in essential structural pathways.

The *p*-values of the copula term for all tested associations exceed 0.05, signifying that none of the predictor variables—Corruption, Instrumental Ethical Climate and Ethical Leadership—exhibit significant correlation with the error terms of their corresponding endogenous variables. This indicates that the structural trajectories in the model are

Table 10. Gaussian Copula endogeneity test results

Predictor variable	Dependent variable	Copula term *p*-value	Endogeneity detected
Ethical Leadership (EL)	IEC	0.273	No
Instrumental Ethical Climate (IEC)	UB	0.389	No
Corruption (C)	EC	0.442	No

Source(s): Author's own work

unaffected by endogeneity bias, allowing for a more definitive interpretation of the observed correlations as causal.

To underline its diagnostic function in verifying the assumptions of the model, this paragraph specifically reports the Gaussian Copula test independently.

The lack of statistically significant endogeneity in these paths enhances the internal validity of the structural model and helps one to view these interactions as causal rather than random.

For instance, the proven exogeneity of Ethical Leadership in estimating Instrumental Ethical Climate, and Corruption in determining Ethical Challenges, implies that omitted variable bias does not muddle these effects.

Consistent with Hair *et al.* (2019), verifying the lack of endogeneity strengthens the causal implications derived from the structural equation model and increases its theoretical credibility.

4.4 Mediation of ethical leadership on unethical behavior via displacement of responsibility

Although the model does not suggest a direct EL to UB path through DR alone, it does facilitate a sequential mediation: EL to IEC to DR to EDM to UB. This is a reflection of the theoretical premise that ethical leadership creates the organizational ethical climate (IEC), and this in turn affects individual cognitive processes like displacement of responsibility (DR). These in turn influence ethical decision-making (EDM) and ultimately lead to unethical behavior (UB).

This process is consistent with Bandura's (1996) Moral Disengagement Theory that explains how environmental situations cross paths with internal mental processes to influence moral conduct. In line with contemporary SEM literature (Becker *et al.*, 2023), direct paths are eliminated in lieu of theory-driven mediated effects. This is in a bid to improve model parsimony and prevent multicollinearity through a concentration on substantively important indirect effects. In general, the model provides a well-integrated and theory-based model in which unethical conduct is influenced by ethical leadership through a systematic chain of mediating factors.

Table 11 shows the direct effect of Ethical Leadership (EL) on Unethical Behavior (UB), without considering the mediator (Displacement of Responsibility – DR), is positive and statistically significant (Path Coefficient = 0.37, p = 0.048). This suggests that Ethical

Table 11. Direct effect analysis (without mediator)

Path	Path coefficient	*p*-value	Significance
Ethical Leadership → Unethical Behavior	0.37	0.048	Significant

Source(s): Author's own work

Leadership has a moderate positive influence on Unethical Behavior when no mediating factor is included. The result indicates that specific leadership dynamics may contribute to creating organizational conditions where unethical behavior becomes more likely, potentially due to unclear accountability or authoritative pressures.

Table 12 shoes when Displacement of Responsibility (DR) was introduced as a mediator, the relationship between Ethical Leadership (EL) and Unethical Behavior (UB) was examined through both direct and indirect pathways.

The path from Ethical Leadership (EL) to DR is positive and significant (Path Coefficient = 0.55, p = 0.030). This indicates that leadership dynamics significantly influence how individuals perceive and shift responsibility for unethical actions. Leadership practices may unintentionally foster an environment where responsibility is displaced rather than owned.

The path from DR to Unethical Behavior (UB) is also positive and significant (Path Coefficient = 0.33, p = 0.009). This suggests that responsibility displacement is strongly associated with an increased likelihood of unethical behavior. When individuals shift responsibility away from themselves, it lowers accountability, making unethical actions easier to rationalize.

However, the direct effect from EL to UB, when controlling for DR, becomes non-significant (Path Coefficient = 0.11, p = 0.18). This indicates that the influence of Ethical Leadership on Unethical Behavior is fully mediated by Displacement of Responsibility (Quttainah and BenSaid, 2024).

5. Discussion and implications

The findings of this study align with existing literature on the critical roles of ethical leadership, education and organizational climate in promoting ethical behavior in accounting within the MENA region. Results affirm that ethical leadership (EL) strongly influences ethical behavior by shaping a culture of accountability and transparency, supporting previous findings by (Sidani, 2025; Wang *et al.*, 2021). These authors emphasize the cultural relevance of ethical leadership to inform professional practice, especially in those societies where hierarchy and authority are engrained features of organizational life (Sløk, 2020). Ethics education and training (EET) becomes key to enhancing ethical decision-making, as again emphasized by Jackson (2023) and Chtatou (2023), who both impress upon the need for ethics programs contextualized within culture and religion to respond particularly to regional ethical problems.

Significantly, these results challenge some of the main assumptions in ethical theory. The surprising positive correlation between Ethical Leadership and Displacement of Responsibility indicates that in hierarchical organizations such as in the MENA region, ethical leaders themselves may inadvertently instigate upward displacement of ethical responsibility. This underscores a critical need for leadership development to deal with hierarchical dynamics through building flatter accountability systems and developing individual responsibility throughout levels of an organization.

Table 12. Indirect effect analysis with mediator (displacement of responsibility - DR)

Path	Path coefficient	*p*-value	Significance
Ethical Leadership → DR	0.55	0.030	Significant
DR → Unethical Behavior	0.33	0.009	Significant
Ethical Leadership → Unethical Behavior (Direct Path with DR)	0.11	0.18	Not significant

Source(s): Author's own work

Similarly, the positive association between Ethical Challenges and Ethical Decision-Making requires a reframing. Instead of reducing ethical behaviors, prolonged exposure to ethical dilemmas would possibly increase moral sensitivity and stimulate more alert responses, especially when subject to scrutiny from institutions. This is in conformity with cognitive moral development theory and reinforces the idea of ethical resilience in culturally pressured situations.

Ethical Leadership (EL (significantly influences the perception of Instrumental Ethical Climate (IEC (and estimating the level of Corruption (C) in organizations. The results of this study have underlined that ethical leaders facilitate a climate of deprioritizing self-interests for transparency and accountability of all, and organizations are less vulnerable to corruption. In centralized MENA organizations, EL serves as a mechanism for anti-corruption, which entrenches the standards for ethics and serves as a role model for responsible behavior. It also prevents EL from discouraging corruption, a finding which supports past studies on the capacity of ethical leadership to shape proper ethical climates that provide essential guidance in authority-driven systems typical of the MENA region (Dempsey *et al.*, 2023).

These findings also extend prior literature by showing that IEC has a twofold effect. While IEC promotes individuals' accountability to reduce DR, it may have some adverse effects in terms of C when the organizational priorities move toward self-serving interests. This complexity is a nuanced relationship in which organizational ethics and cultural influences coexist in the MENA region, and very often economic pressures and/or the cultural norm may support the emergence of unethical behaviors (Johari *et al.*, 2021).

Finally, there is Corruption (C), which in turn affects Ethical Challenges (EC), making it even tougher for the professionals to act in an ethical manner by default. As Ocasio (2023) states, the more difficult the ethical climate is, the deeper the likelihood of unethical practices. Strong Ethical Decision-Making (EDM), however, buffers against Unethical Behavior (UB) despite difficult circumstances, which speaks to the importance of ethical resilience supported by leaders. Overall, these findings stress the critical facilitative role of ethical leadership, training and supportive climates in promoting ethical behavior within the MENA accounting profession (Troisi and Alfano, 2023).

5.1 Implications for stakeholders

The findings suggest that, along with ethics education and training, organizational ethical climate and regulatory oversight, ethical leadership is very important in promoting the ethical behavior of accountants in the MENA region. Ethical leadership instills a big difference in organizations in reducing unethical behavior by means of building accountability and reducing the phenomenon of responsibility displacement. The same has been elaborated through Bandura's Moral Disengagement Theory. Organizations should highly value ethical leadership programs, including quarterly ethics testing and mentorship programs, to ensure transparency and integrity within the organization.

It is ethics education and training—with an institutional emphasis on integrating localist cultural and religious values—which provide the accountant with both the essential moral reasoning ability and, importantly, the opportunity to exercise this ability on choice of intention to behave—a position which could be likened to an interpretation of the application of the theory proposed by Ajzen, a Theory of Planned Behavior. Such training would be heavily grounded in a localized presentation of case studies and workshop scenario-based experience. Continuing ethics education relating to professional updates would also be essential for the same reasons.

It also points out a recurring problem of displacement of responsibility within hierarchical structures, whereby accountability shifts upward. Thus, leadership should foster decentralized accountability structures and make use of team-based accountability frameworks so as to minimize responsibility diffusion and enhance ethical ownership at every level.

The unethical behavior is further contributed by weak regulatory oversight and the cultural acceptance of nepotism. It calls for stronger enforcement mechanisms, which is consistent with Scott's Institutional Theory. Policymakers should implement independent auditing bodies and programs for the protection of whistleblowers to ensure better transparency and accountability. Regular audits on ethics should be in place to monitor compliance and address gaps proactively.

A strong organizational ethical climate provides the necessary foundation on which reduction of unethical practices can take place. Organizations have to emphasize long-term ethical standards over short-term financial goals by creating incentive mechanisms that reward integrity, and occasional audits of ethical culture should be performed to consolidate the culture of moral responsibility.

Cultural and religious values are the core of ethical behavior. It is, therefore, essential that ethics training and leadership practice be inspired by the foundational principles of justice, fairness and accountability that are informed by the prevailing cultural norms in context. In such a case, embedding these in the code of conduct would provide contextual relevance and foster regional socio-cultural expectations.

Empirical evidence has shown that there is a very significant improvement in the organizational performance and ethical governance of leadership if the gender diversity of its composition is high. Hence, the organization should make deliberate efforts to encourage and implement women's leadership development programs by using the principle of gender quotas in fostering diversified perspectives that contribute toward ensuring inclusiveness in the decision-making process.

At the regional level, there is a need for regional collaboration by the MENA countries on harmonization of ethical practices and regulatory frameworks. A MENA Regional Ethics Council for Accounting would offer a clear basis for cross-border sharing of knowledge and development of common ethical guidelines that will enhance coherence and accountability across borders.

Finally, innovative technologies such as blockchain and sophisticated compliance monitoring systems could transform the financial reporting landscape by strengthening transparency and accountability. This could be inculcated into organizational compliance frameworks to minimize manipulation risks effectively and strengthen governance structures.

6. Conclusion

This paper focuses on the in-depth analysis of the relationship between business ethics and leadership in the accounting profession across the MENA region. It was found that ethical leadership, a factor that helps in organizational culture, specialist ethics training, is of immense importance to accountants in the areas of decision-making ethics and behavior. These factors are all the more crucial in a region where cultural imperatives, economic demands and multiple legal regimes make the environment especially challenging to maintaining high levels of ethical behavior. Under such conditions, one could venture that strong ethical leadership in concert with culturally relevant ethics education would go a long way toward influencing positive practices, even in contexts where there are low levels of regulatory oversight and high levels of corruption.

6.1 Limitations

In this regard, the four countries representing the MENA region in this discussion are UAE, Qatar, Jordan and Egypt. Further studies should include more countries to increase such understanding across the whole region. While self-reported data presents good first-hand information, future research may use other sources of data to complement such information.

6.2 Recommendations

Nurture Ethical Leadership: Emphasize integrity and accountability training programs to develop leaders who will model behaviors of ethical conduct and instill an ethical culture within the organization.

Culturally Adapted Ethics Training: Ethics training regarding the cultural and religious standpoints of the employees will eventually be more relevant and appropriate. This should be combined with regular ethics training to adequately empower employees in response to ethical challenges.

Strengthen Ethics in Workplace Culture: Clearly define standards of behavior that are ethical in nature, open up the channels of communication and reward those practices which meet the standards of ethics at the cost of short-term gains. The result will be a workplace where ethics become the norm.

Regulatory Strengthening: Engage with policymakers to facilitate the formulation and enforcement of more stringent regulations that enhance the level of transparency and accountability in the accounting profession.

Gender Diversity: Enhance the representation of women in leadership positions to infuse fairness and ethical consideration into decision-making. Mentorship and professional development programs will be implemented accordingly.

6.3 Further research

Future studies may also test whether digitalization affects the level of ethics followed within the accounting profession. Technology is continually changing the business world; hence, it increasingly makes sense to understand how different digital devices and platforms affect the practice of leading and the relationship this has to ethical behavior. The following can be a research hypothesis in the given context: “There is a positive relation between EDM and integrating digital technologies into accounting practices because this enhances transparency and, therefore, decreases opportunities for unethical actions.”

Another promising line of inquiry is related to gender diversity in ethical leadership within the region. The line of research could study how increased female representation at key positions influences organizational culture and promotes ethical standards. This may be put as, “Setting a higher representation for females at senior levels in accounting firms within the MENA nation leads to better ethical climate and unethical behavior”. These themes are representative of the general future direction of ethics in leadership in the region.

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