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The role of auditing standards and professional ethics in enhancing the independence of external auditors: A case study of a group of practitioners

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Abstract---This study aims to highlight the role of auditing rules and professional ethics in supporting the independence of the external auditor, based on a field study conducted on a sample of 45 professionals in the Wilaya of M'Sila. The descriptive approach was adopted to build the theoretical framework, while the analytical approach was used to analyze questionnaire data and test the hypotheses using SPSS (Version 24). The results revealed a strong relationship between adherence to professional ethical standards and the level of external auditor independence. They also showed that professional ethics have a significant effect on independence, that no differences exist among job titles, and that significant differences appear based on years of experience.

Keywords---Auditing, Auditor Independence, Auditing Ethics, Professional Auditing Rules.

JEL Classification: M42, M48, M14, K22.

Introduction

In recent years, Algeria has witnessed a significant expansion in the number and size of institutions and companies, which has led to increasing interest in the auditing profession as one of the key pillars for ensuring transparency and credibility in the presentation of financial information. Today, the auditor bears multiple responsibilities that place considerable weight on his role and require a high level of

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commitment to professional standards that safeguard him from violations and protect him from both internal and external pressures.

The importance of the auditing profession is reflected in the core responsibilities assigned to the auditor and in the vital role he plays in instilling confidence in the financial statements published by institutions. The auditor's report constitutes an impartial technical expression of the extent to which the financial statements are accurate, the annual accounts are properly kept, and the degree to which they faithfully represent the true financial position of the audited entity.

Beyond this professional importance, the auditing profession—like other regulated professions—is governed by a set of rules and professional ethics derived from legal regulations, professional norms, and general ethical principles. These ethics encompass a range of behavioral standards that aim to regulate internal relationships among auditors and external relationships between auditors, their clients, and users of financial information. Such rules help define what constitutes proper or improper professional conduct, thereby reinforcing public trust in the profession and preserving its reputation and independence.

The professional independence of the external auditor is considered one of the most important principles that has received extensive attention in the field of auditing. It represents the cornerstone of the profession and the foundation upon which users of financial statements place their trust in the auditor's work. Auditor independence is the true guarantee of his neutrality and objectivity, ensuring that the reports he issues are reliable sources upon which decision-makers can depend when evaluating performance and making informed economic decisions.

1. Research Problem:

Based on the foregoing, the following main research problem can be formulated:

"What role do the rules and ethics of the auditing profession play in supporting the independence of the external auditor?"

From this main problem, several subsidiary research questions can be posed as follows:

- **a.** Is there a relationship between the rules and ethics of the auditing profession and the independence of the external auditor?
- **b.** Do the rules and ethics of the auditing profession have an effect on the independence of the external auditor?
- **c.** Are there statistically significant differences among job titles regarding adherence to the rules and ethics of the auditing profession?
- d. Are there statistically significant differences based on years of experience regarding adherence to the rules and ethics of the auditing profession?

2. Research Hypotheses:

To answer the proposed questions, the following hypotheses were formulated:

- **a.** The rules and ethics of the auditing profession play a role in supporting the independence of the external auditor;
- **b.** There is a relationship between the rules and ethics of the auditing profession and the independence of the external auditor;
- **c.** The rules and ethics of the auditing profession have an effect on the independence of the external auditor;
- **d.** There are no statistically significant differences among job titles in adherence to the rules and ethics of the auditing profession;
- **e.** There are statistically significant differences among years of experience in adherence to the rules and ethics of the auditing profession.

3. Research Objectives:

In light of the study's problem and its components, the following objectives are pursued:

- To highlight the importance of auditing ethics and the rules of professional conduct;
- To clarify the rules and ethics of the auditing profession from the perspective of the Algerian legislator;
- To address the independence of the auditor as one aspect of professional ethics;
- To demonstrate the role of auditing rules and ethics in supporting the independence of the external auditor.

4. Research Methodology:

The study relied on both the descriptive and analytical approaches. Information was collected from various references and studies that addressed the rules and ethics of the auditing profession and the independence of the external auditor, following the descriptive approach, with the aim of establishing the conceptual framework of the study variables. As for the analytical approach, it was used to analyze the study results based on the questionnaire as the primary research tool, in addition to testing the hypotheses using the Statistical Package for the Social Sciences (SPSS), version 24.

I. An Introduction to the Ethical Aspects Related to the Auditing Profession

Professional ethics have been defined as *"a set of principles and standards that serve as a reference for the expected behavior of individuals within a given profession, and upon which society relies to evaluate their performance, whether positively or negatively"* **(Abd Al-Munim , 2012, p.311)**.

They have also been defined as *"professional ethics are not limited to the moral principles and rules that apply to ordinary individuals; rather, they go beyond that to form a set of rules that become practical and applicable professional standards guiding members of the profession toward appropriate professional behavior, which requires practitioners to adhere to ethical conduct that yields benefits"* **(Charpateau, 2012. p.23)**.

Additionally, professional ethics have been described as *"the document that outlines the ethical and professional behavioral standards that members of a particular association are expected to follow; it represents a statement of the ideal standards of a profession, adopted by a professional group or institution to guide its members in assuming their professional responsibilities"* **(Sebayhi, 2009, p.09)**.

Furthermore, *"the ethics of the auditing profession represent important principles of conduct related to standards of good or bad behavior, or right and wrong actions, whether on the part of individuals or groups. These behavioral principles and moral values govern individual and collective behavior in distinguishing between right and wrong, thereby shaping the determinants of the decision-making process"* **(Nasrat & Ben Khalifa, 2021, p.151).**

Based on the preceding definitions, researchers view auditing ethics as the framework that includes a set of principles, laws, rules, and values governing the auditing profession, which the auditor must adhere to before, during, and after performing his duties. Any departure from this framework constitutes a violation of professional ethics.

1. Sources of Professional Work Ethics:

Professional ethics, in general, are strongly influenced by social values and traditions as well as the laws and regulations in force within a country. Consequently, they shape and define the nature of the relationship between managers and employees within organizations, as well as the relationship with stakeholders in society. Ethics have transformed the nature of administrative work in organizations: while the past focus was primarily on protecting the interests of company owners and maximizing profits, the current orientation places significant emphasis on social responsibility and ethical conduct. There are three main sources of professional ethics in general (**Dit Hauret, 2006, p.10)**:

a. **Laws, legislation, regulations, and instructions:** Laws, legislation, regulations, and directives issued by authorized bodies—whether at the international or local level—represent a fundamental source of professional ethics. These legal frameworks determine individual and organizational behavior and shape ethical values through their implementation.

b. **Educational and social processes, and religious beliefs:** Educational and social processes, along with religious beliefs, also constitute an important source of professional ethics, particularly religious beliefs due to their significant influence on adherence to ethical standards. All these processes are grounded in shared ethical values among individuals.
c. **Personal beliefs of the individual:** Personal beliefs help determine the standards directly related to an individual's behavior and his freedom to act appropriately in accordance with his convictions.

2. Factors Influencing Ethical Behavior:

There are several factors that influence the ethical behavior of auditors, including legislation, the social environment, and the economic environment. These factors are as follows **(Sebayhi, 2009, p.15)**:

a. **Legislation:** Legislation refers to the constitution of the state and the laws derived from it, in addition to civil service regulations and various applicable rules and directives addressing work ethics—such as adherence to working hours, compliance with merit-based principles, prioritizing the public interest over personal interest, and rejecting bribes. These legislative frameworks play a major role in guiding the auditor's behavior, as they clarify what is right and what is wrong, as well as the conduct that auditors must adhere to while performing their assigned duties. The same applies to labor laws issued by the Ministry of Labor, which play a significant role in raising auditors awareness of the behaviors they must follow. Legislation also provides employers with a clear and sound basis for managing interactions and making decisions.
b. **Social Environment:** The social environment in which the auditor lives—beginning at home and extending to friends, the workplace, and society at large—has a substantial influence on the auditor's behavioral conduct and attitudes in decision-making. This environment includes the home, neighborhood, workplace, and broader community, along with their customs, traditions, beliefs, and social, economic, and political conditions. These elements play a significant role in shaping the auditor's behavior and forming his attitudes, which develop and evolve alongside his professional progression.
c. **Economic Environment:** There is no doubt that living standards and economic conditions contribute significantly to shaping the behavioral and ethical attitudes embraced by the auditor. Economic conditions lead to the emergence of various social and economic classes within society, causing individuals or groups to adopt particular behaviors and approaches in pursuing their individual or collective goals.

3. Ethical Principles for Auditors from the Perspective of the Algerian Legislator:

The Algerian legislator has paid particular attention to the ethical dimension of auditing practice, dedicating Executive Decree No. 96-136 dated 15/04/1996 to the Code of Ethics for Chartered Accountants, Statutory Auditors, and Certified Accountants. In addition, the Court of Accounts issued its Professional Code of Ethics in 2015. Both frameworks include the following **(Official Gazette of the People's Democratic Republ, 15), (National Council of Accounting, 2015)**:

a. **Integrity:** The Algerian legislator referred to this principle in Article 02 of the Decree, which states: *"A member of the association must demonstrate a high degree of prudence in performing his duties and must, in both his private and professional life, avoid any behavior that may undermine the dignity and honor of the profession. He must, in particular, perform his mission with rigor and composure"*. Similarly, the 2015 Code of Ethics of the Court of Accounts states regarding integrity: *"In order to preserve confidence in the work of the Court, the auditor's conduct must be exemplary and beyond any suspicion"*. Accordingly, judges, financial auditors, and other collaborators are required to:

- Be above reproach at all times and under all circumstances;
- Demonstrate honesty in performing their duties and in using the institution's resources, and refrain from any conduct contrary to the honor and integrity of the profession;

- Comply with auditing standards and professional ethics, both in form and substance, while safeguarding the public interest;
- Refrain from exploiting their official status for personal gain;
- Declare their assets and those of their spouses to the competent authority at the beginning and end of their mandate, with the possibility of updating such declarations if changes occur.

b. Objectivity, Independence, and Impartiality: The Algerian legislator addressed objectivity in Articles 04 and 05: The professional *"must carry out with diligence, in accordance with professional standards, all necessary tasks, while observing the principles of impartiality, loyalty, legality, and professional ethical rules."* Furthermore, in performing tasks related to bookkeeping, preparing financial statements, inspection, accounting audits, tax declarations, corporate filings, and management advisory services, the professional *"must inform the client, execute requested services diligently, respect agreed deadlines, and conduct all necessary inquiries to form a substantiated and well-founded opinion. Regarding tax declarations and corporate filings, the professional must ensure that clients comply with the applicable legislation, taking necessary precautions to avoid situations of collusion that could compromise independence and neutrality and entail liability."* The Court of Account's Code adds independence and detachment, specifying that judges, financial auditors, and other collaborators must:

- Ensure that personal or external interests do not impair their independence;
- Refrain from interfering in the management of audited entities or questioning the validity or relevance of policies and program objectives defined by administrative authorities or managers of audited bodies;
- Demonstrate objectivity and detachment in all their work, particularly in reports, which must be accurate, objective, and supported by evidence;
- Use information provided by audited entities or other bodies objectively and without bias, and rely on such information when forming opinions;
- Refrain from any activity that could undermine the reputation of the Court, affect its impartiality, or interfere with its work;
- Avoid, as far as possible, repeatedly performing audit assignments within the same domain or for the same entities.

c. Professional Confidentiality and Prudence: This principle is mentioned in Article 06, which states:*"Members of the association must maintain professional secrecy in the exercise of their profession. However, they are not bound by professional secrecy in cases provided for by applicable laws and regulations, particularly the obligation to provide tax authorities with required documents after the initiation of judicial investigations. They must also testify when summoned by the Conciliation, Disciplinary, and Arbitration Chamber. Professionals must ensure that their staff and trainees comply with the duty of professional secrecy."* In the Code of the Court of Accounts, judges, financial auditors, and other collaborators must:

- Not disclose to third parties any information obtained during audits, unless the disclosure responds to the responsibilities of the Court within normal procedures or as required by applicable legislation;
- Refrain from disclosing information that may grant undue or unreasonable advantage to persons or entities who may use such information to harm others;
- Exercise caution when discussing the work and missions of the Court in public places to avoid inadvertent disclosure of sensitive information;
- Ensure the security and confidentiality of information obtained, whether within the Court's offices, audited entities, or any other location.

In addition to the aforementioned Executive Decree, the Court of Accounts has introduced several additional principles, which include the following:

d. **Neutrality and Conflict of Interest:** To protect the Court of Accounts from any political influence and to ensure and strengthen its independence, judges, financial auditors, and other collaborators are required to:

- Avoid relationships with officials and employees of the audited entity, as well as with any individuals who may influence or undermine their ability to perform their duties, and ensure that they consistently demonstrate independent conduct;
- Safeguard the institution against any form of political influence;
- Declare to the President of the institution any public elective mandate (whether national or local) as well as any political affiliation of their spouse;
- Refrain from making political statements to the press in all its forms, or from using their position or their connection to the institution, or from disclosing their affiliation with the institution, for political purposes;
- Not have been previously employed by the audited entity within the past five years, and must inform the Court of Accounts of any intention to join an entity that has recently been audited;
- Refuse, whether in their own name or on behalf of others, to accept any gifts or advantages—regardless of their form—offered by audited entities that may influence, be used to influence, or reasonably be perceived as influencing the performance of their duties;
- Refrain from using information obtained in the course of their duties to secure personal benefits or benefits for others.

e. **Competence, Responsibility, and Professionalism**: This principle is reflected through the performance of duties in accordance with professional standards and with the required level of competence. Accordingly, judges, financial auditors, and other collaborators are required to:

- Treat audited entities and the information they provide with care and respect;
- Be knowledgeable about professional auditing standards for the sector, as well as recognized methodologies and good practices, and apply them rigorously while performing their functions;
- Be familiar with the legal and regulatory framework applicable to the domain and environment of the audited entity, as well as the rules governing its operations;
- Ensure continuous professional development and maintain their technical skills and knowledge to guarantee high-quality work;
- Refrain from performing activities for which they do not possess the required competence;
- Remain open-minded and willing to share their knowledge and professional experience.

f. **Respect and Loyalty**: This principle is expressed through the promotion of values related to loyalty and respect toward colleagues and stakeholders. Accordingly, judges, financial auditors, and other collaborators are required to:

- Respect and honorably represent the Court of Accounts through their speech and conduct in all circumstances;
- Maintain a proper and professional appearance, both in attire and behavior, whether within the Court of Accounts, during audit missions, or while representing the institution;
- Act respectfully toward colleagues and litigants;
- Respect the opinions of others and accept differences in professional viewpoints. Information must be exchanged respectfully, correctly, and constructively;

- Refrain from engaging in external activities except within the limits set by the statutory provisions applicable to judges and financial auditors, and without compromising their duty of loyalty toward the Court of Accounts.

4. Threats Affecting the Auditor's Compliance with Ethical Responsibilities:

There is a general framework for adhering to the ethics of the auditing profession. This framework may be threatened under various circumstances, and such threats may be classified as follows:

a. Self-Interest Threat: This threat arises when the auditor's judgment or behavior is inappropriately influenced by financial or other personal interests. Examples (non-exhaustive) of situations that give rise to self-interest threats include **(Kadri , 2015, p.115)**:

- Having a direct financial interest in the client or sharing a financial interest with the client;
- Undue dependence on the total fees received from a single client;
- Having a close business relationship with the client;
- Concern about the possibility of losing the client;
- The potential for future employment with the client;
- Fee arrangements contingent upon achieving certain conditions;
- The existence of a loan or guarantee provided to or received from the client or from any of its directors or officers.

b. Self-Review Threat: This threat arises when an auditor is in a position where they must evaluate judgments or work performed by themselves or their firm in a previous engagement, and rely on that evaluation when forming their opinion in the current engagement. Examples (non-exhaustive) of situations that result in self-review threats include **(Kadri , 2015, p.116)**:

- Discovering a significant error during the re-evaluation of the auditor's own work;
- Reporting on the operation of financial systems after having been involved in their design or implementation;
- Preparing source data used in the preparation of financial statements, or preparing other records that are themselves subject to the assurance engagement;
- A member of the audit team currently holding, or having recently held, a managerial or executive position with the audit client;
- A member of the audit team currently employed by the client in a position that allows them to exert direct and significant influence over the subject matter of the audit engagement, or having recently held such a position;
- Providing other services to the client that have a direct impact on the subject matter of the assurance engagement.

c. Advocacy Threat: This threat arises when the auditor supports or promotes the client's position to such an extent that their objectivity may be compromised. Examples (non-exhaustive) of advocacy threats include **(Kadri , 2015, p.117)**:

- Promoting shares or securities of a listed company when that company is an audit client;
- Acting as a legal representative on behalf of the audit client in litigation or dispute resolution.

d. Familiarity Threat: This threat occurs when, due to a long-standing or close relationship with the client, the auditor becomes too sympathetic to the client's interests or too accepting of their work. Examples (non-exhaustive) include **(Herri , Ben Cherif , & Saous , 2017, p.515)**:

- A member of the audit team having a close family member employed as a director or officer of the client;

- A member of the audit team having a close family member employed by the client in a position allowing direct and significant influence over the engagement's subject matter;
- A former partner of the audit firm employed as a director or officer of the client, or in a position allowing direct and significant influence over the engagement's subject matter;
- Accepting gifts or hospitality from the client unless the value is clearly insignificant;
- Engagement team members being associated with the client for an extended period;
- A member of the audit team having a family member employed by the client in a role that allows them to exert direct and significant influence over the engagement's subject matter;
- Accepting client gifts unless the value is trivial or inconsequential.

e. Intimidation Threat: This threat arises when the auditor's objectivity is compromised due to actual or perceived pressures imposed by the client. Examples (non-exhaustive) of intimidation threats include**(Kadri , 2015, p.118)**:

- Threatening to replace or dismiss the auditor;
- Threatening to take legal action against the auditor;
- Pressuring the auditor to reduce the scope of work in order to lower the audit fees.

II. The Principle of Independence as a General Concept in Professional Ethics and Conduct

The principle of auditor independence is one of the most fundamental pillars upon which the ethics and conduct of the auditing profession are built. It represents the foundation on which users' confidence in the auditor's work and financial reports is established. Independence means that the auditor must be able to perform his duties with complete objectivity, free from the influence of any personal interests, management pressures, or related-party interventions.

By adhering to this principle, the auditor ensures that his professional judgments are based solely on evidence and facts, thereby enhancing the credibility of financial reports and preserving the integrity and reputation of the profession. Consequently, auditor independence is not merely a professional requirement but a core ethical value that distinguishes the honest auditor and reinforces his role as a key element in safeguarding the public interest. This is what will be highlighted in this section.

1. Concept of Auditor Independence:

There is no consensus regarding the concept of external auditor independence; however, two distinct notions of independence can be identified, as defined by the U.S. Securities and Exchange Commission (SEC) **(Rabia , 2017, p.74).**

The concept of independence in fact (or independence of mind) refers to the auditor's ability to remain free from any motives, pressures, or personal interests when expressing an impartial professional opinion. This view aligns with the subjective or personal theory, which considers independence a mental state that cannot be governed by explicit or fixed standards, since such standards may change whereas the essence of independence of mind does not. Under this notion, the auditor must be honest and transparent, remain truthful in his testimony, and disclose the facts faithfully in his report **(Abd Al-Munim , 2012, p.311).**

As for independence in appearance, it refers to the existence of professional norms and rules that ensure the auditor is not subject to influence or control by the company's management, and that no conflict of interest exists between the auditor and the company's administration. This aligns with the objective theory, which considers independence an objective matter that is separate from the auditor's personal mindset or judgment. According to this view, auditor independence should not be regarded as a mental or subjective issue left to the auditor's own assessment; rather, it must be governed by clear, objective, and enforceable rules and standards.

2. Dimensions of External Auditor Independence:

The dimensions of external auditor independence can be summarized as follows **(Mohami , 2019, p.94)**:

a. Independence in Audit Program Planning**:**

This refers to the freedom enjoyed by the external auditor when preparing the audit program, particularly in determining the necessary work steps and the scope of procedures to be performed, within the general framework of the required engagement. Undoubtedly, this dimension includes the absence of any management intervention in excluding, determining, or modifying any part of the audit program, as well as preventing management from altering the procedures established by the auditor or influencing the auditor to examine areas not originally included in the planned program.

b. Independence in the Examination Process**:**

This dimension refers to the auditor's insulation from any pressures or interference in selecting the areas, activities, policies, and items that will be subject to examination. It encompasses several key aspects, including:

- The auditor's full right to access and examine all records, books, offices, and branches of the company;
- The right to obtain information from any source;
- Effective and productive cooperation between the auditor and company personnel during the examination and testing procedures;
- The absence of management interference in determining which areas, items, or documents should be subject to examination, or attempts to persuade the auditor to accept certain items or documents without proper review or verification;
- Avoidance of personal relationships or mutual interests that may influence the examination process or the auditor's opinion.

c. Independence in Reporting**:**

This refers to the absence of any interference or pressure aimed at influencing the disclosure of facts discovered during the examination process or altering the nature of the final opinion regarding the financial statements under review **(Khirani , 2020, p.323)**.

3. Factors Limiting the Independence of Auditors:

The most important factors affecting auditor independence can be summarized as follows **(Lbbaz, Zergot, & Reguieg, 2021, pp.45-46**):

a. Competition for attracting clients:

Intense competition negatively affects auditor independence, as auditors under competitive pressure often hesitate to express reservations in their reports regarding financial statements for fear of losing clients.

b. Size of the audit firm:

A distinction must be made between small and large audit firms. Large firms are generally less vulnerable to losing their independence compared to small, single-practitioner firms. This is because larger audit firms are less dependent on a single client, since the audit fees from any one client represent only a small proportion of the firm's total income. Furthermore, small audit firms often exhibit particular characteristics related to the personal nature of the relationship between auditor and client, which increases the risk of losing independence.

c. Familiarity threats:

Long-term association with a client leads to the strengthening of personal relationships between the auditor and the client, which may compromise audit quality by impairing independence. Familiarity threats may also arise when an auditor's objectivity is affected by close personal relations, acceptance of hospitality or gifts, or when a family member of the auditor holds a sensitive position within the client company.

d. Provision of consulting services to the client:

The provision of consulting services by the auditor to management is a highly debated issue regarding its impact on external auditor independence. While some argue that auditors can maintain independence while offering consulting services, others assert that such services compromise objectivity.

e. Receiving economic or financial benefits:

The auditor must remain free from any interest that could, in any way, be considered inconsistent with integrity, honesty, objectivity, or independence.

f. Auditor's academic and professional qualifications:

The first general auditing standard emphasizes that the audit must be carried out by a person possessing adequate technical knowledge, practical experience, and professional competence required for the work of an auditor. Implicitly, the standard assumes a fundamental requirement for academic qualification, followed by continuous professional development. Academic training and practical experience aim to ensure the auditor's independence in performing his duties.

Legislative and Professional Regulation of Auditor Independence

The Algerian legislator has enacted a set of legal provisions to ensure the independence of the statutory auditor (external auditor). This is clearly reflected in Law 10-01, particularly in Chapter Nine titled *"Cases of Incompatibility and Prohibitions."* According to Article 64, the statutory auditor is prohibited from **(Ben Aissa & Ben Hamida, 2019, pp.81-82)**:

- Engaging in any commercial activity;
- Holding any administrative position or membership in a board of directors or supervisory board, as applicable;
- Holding any parliamentary position or any elected office in representative councils.

Article 65 of the same law further prohibits the statutory auditor from:

- Intervening in or directly or indirectly performing management operations; Conducting prior control procedures over management operations, even on a temporary basis;
- Accepting assignments related to accounting organization, providing tax consultancy, or performing judicial expertise for the client;
- Receiving compensation for services performed for the company under audit.

Article 66 states that *"a statutory auditor may not be appointed to a company or institution from which he has received fees, remuneration, loans, advances, or guarantees during the previous three years";*

Article 67 stipulates the *"prohibition of the statutory auditor from providing any services to the audited company with which he has direct or indirect interests."* Due to the generality of the text, the statutory auditor is therefore prohibited from receiving any benefits or financial compensation, whether directly or indirectly;

As for Article 70, it prohibits the statutory auditor from soliciting clients by reducing fees, offering advantages, or using any form of advertising to attract clients;

With regard to kinship relations between the statutory auditor and the joint-stock company, the Commercial Law prohibits appointing a statutory auditor in any company where he has a kinship or affinity relationship up to the fourth degree;

From the above, it is evident that the Algerian legislator has sought to preserve the independence of the statutory auditor so that he may perform his duties with full objectivity and impartiality **(Ben Aissa & Ben Hamida, 2019, p.82)**.

III. Field Study on a Sample of Professionals

Based on the presentation of the theoretical framework of the study, this section applies the research to reality by analyzing the opinions of professionals regarding the subject under investigation.

1. Study Population and Sample:

The study population includes all professionals related to the auditing field, including statutory auditors, chartered accountants, as well as specialized academic researchers. On this basis, a random sample was selected using Steven Thompson's formula:

$$n = \frac{\mathrm{N\ x\ p(1-p)}}{[\mathrm{N - 1\ x\ (d^2 \div Z^2)}] + \mathrm{p(1-p)}}$$

Where **n** represents the sample size, **N** the target population, **z** the standard score corresponding to a significance level of 0.95 (equal to 1.96), **d** the margin of error (0.05), and **p** the assumed proportion of the characteristic in the population (0.50).
On this basis, the estimated representative sample size was **45 respondents**. To meet this requirement, the questionnaire was sent electronically to **80 individuals,** and **45 responses** were received—representing a response rate of **56.25%.**

Table (01): Size and Nature of the Sample

Category	Number
Certified Accountant	21
Statutory Auditor	13
Chartered Accountant	11
Total	**45**

2. Instrument Design:

Given the nature of the topic under study and based on previous research, the questionnaire was adopted as the primary tool for collecting data related to the subject. This data is used to test the hypotheses and support decision-making. The questionnaire includes measurement indicators for the study variables in the form of items with multiple possible responses according to the respondent's opinion and orientation, following the three-point Likert scale shown in the table below:

Table (02): Three-Point Likert Scale Adopted in the Study

Classification	1	2	3
Rating	Disagree	Neutral	Agree
Weighted Mean Values	1.66-1	2.33-1.67	3-2.34

Source: *Mohamed Abdel Fattah Al-Sarafi, Scientific Research: A Practical Guide for Researchers, Dar Wael Publishing, Jordan, 2006, p. 117.*

The values of the weighted mean were calculated using the class interval formula as follows:
Class Interval = Range / Number of Categories
= (Highest score – Lowest score) / Number of categories
= (3 – 1) / 3
= **0.66**

Accordingly, the value **0.66** is added to the first score (1.00) to obtain the weighted mean for this category. The weighted means for the remaining categories are calculated in the same manner, while ensuring that the upper bound of each interval remains open to avoid duplication of values across different categories.

3. Verifying the Validity of the Instrument for the Study:

To ensure the appropriateness and suitability of the instrument for the study, the following procedures were adopted:

3.1. Questionnaire Validity

a. **Face Validity:** Before distributing the instrument, it was reviewed and evaluated in terms of form, content, and suitability for statistical analysis.

b. **External Validity:** External validity is considered one of the key indicators of the questionnaire’s validity, as it measures the extent to which the instrument achieves its intended objectives. It also indicates the degree of correlation between each axis of the instrument and the total score of the questionnaire items. The following table illustrates this:

Table (03): External Validity of the Questionnaire

No	Axis	Number of Items	Pearson Correlation Coefficient
1	Ethical Aspects of the Auditing Profession	09	0.941
2	Principle of Auditor Independence	09	0.954

Source: Prepared by the researchers based on SPSS V24 outputs.

The correlation coefficients presented in the table indicate a very high level of external validity for the axes of the questionnaire. Specifically, the correlation coefficient for the axis related to ethical aspects of the auditing profession reached 0.941, while the coefficient for the axis on auditor independence attained 0.954. These values are notably high, signifying a strong and direct correlation between the items and the overall score for each axis. This outcome reflects the quality of the item formulation and its effectiveness in accurately and clearly measuring the intended concepts. Furthermore, it demonstrates a high degree of consistency among the items and underscores the robustness of the questionnaire's conceptual framework, thereby enhancing the reliability of the results in subsequent statistical analyses.

3.2. Questionnaire Reliability:

To assess the reliability of the questionnaire, Cronbach's alpha coefficient was employed, in conjunction with the Spearman-Brown and Gittmann coefficients. It is important to clarify that questionnaire reliability pertains to the stability of the results and their minimal variation when the questionnaire is re-administered to the same sample under identical conditions. The following table outlines the reliability ratios:

Table (04): Questionnaire Reliability Measure

Coefficient	Cronbach’s Alpha	Spearman–Brown	Guttman
Reliability Value	0.916	0.933	0.965

Source: Compiled by the researchers using the same outputs as the preceding program.

The reliability coefficients presented in the table indicate an exceptionally high level of internal consistency within the questionnaire. Cronbach's alpha coefficient of 0.916 signifies a strong homogeneity among the instrument's items, demonstrating its capacity to consistently measure the same construct. The Spearman-Brown coefficient of 0.933 reflects excellent reliability, affirming that the questionnaire results remain stable when divided or re-administered in a similar fashion. The Gittmann coefficient of 0.965 further supports this evaluation, indicating the utmost levels of reliability in social measurements. This suggests that the questionnaire results will not vary significantly when re-administered to the same sample under identical conditions. Consequently, the measurement instrument exhibits very strong reliability, providing a solid foundation for confident reliance on its results in statistical analyses and scientific interpretations.

4. Description of Sample Characteristics:

The characteristics of the study sample are categorized into two sections. The first section addresses information regarding the job titles of the sample, while the second section pertains to the professional experience of the questionnaire respondents. a. Distribution of Sample Members by Job Title:

4.1. Distribution of Sample Members by Job Title:

To assess the homogeneity of the sample concerning the job titles of its members, the following figure illustrates the distribution of the sample members according to their respective job titles:

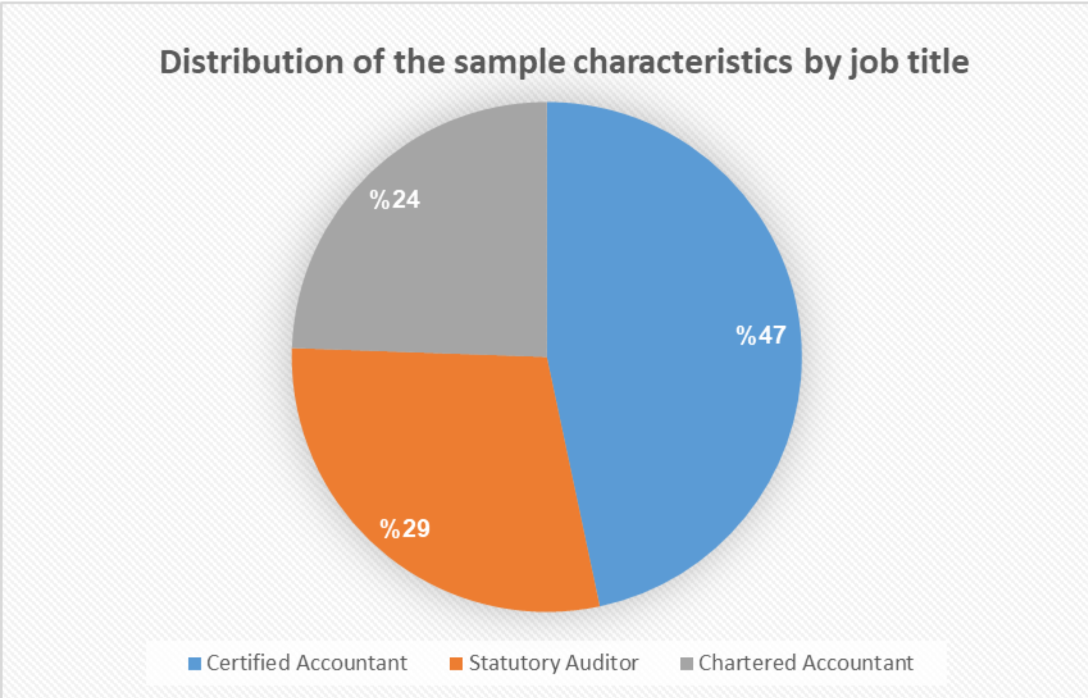

Figure (01): Distribution of Sample Members by Job Title
Source: Compiled by the researchers using the same outputs as the preceding program.

As depicted in the figure above and previously referenced, this study was directed towards professionals. Consequently, the responses received were classified into three functional categories. Certified accountants accounted for 47% of the total sample, corresponding to 21 respondents; auditors made up 29%, or 13 respondents; and accounting experts represented 24%, totaling 11 respondents. These percentages suggest a relatively balanced distribution of opinions among the various categories, highlighting the study's emphasis on capturing the perspectives of all stakeholders within the auditing and accounting fields. This diversity of responses reinforces the significance the study attributes to the views of these experts, given their considerable knowledge of the subject.

4.2. Distribution of Sample Members According to Professional Experience:

In this section, the analysis is based on examining the respondents' experience in their professions—whether academic or practical—in order to gain a better understanding of the nature of their responses to the questionnaire items. The following figure illustrates the distribution of the surveyed sample according to the respondents' professional experience:

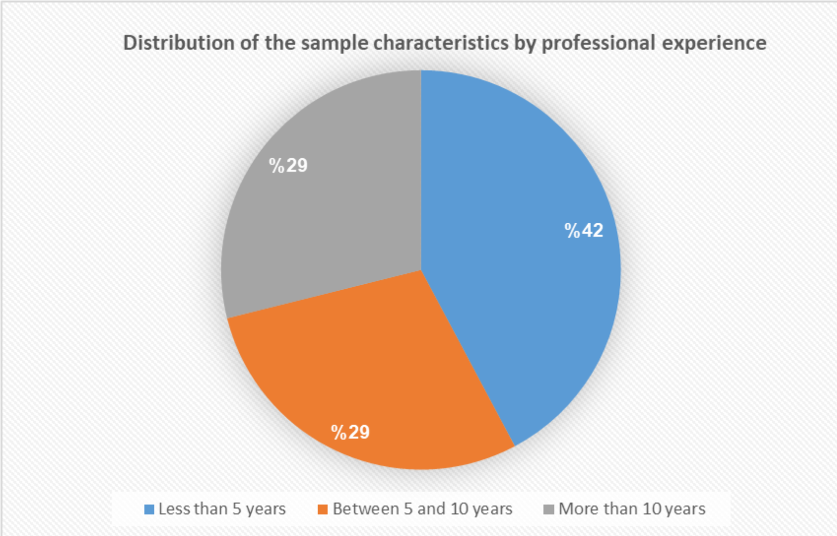

Figure (02): Distribution of Sample Members According to Professional Experience
Source: Compiled by the researchers using the same outputs as the preceding program.

According to the data presented in the previous figure, the sample members were classified into three categories based on their levels of professional experience. The category consisting of individuals with less than 5 years of professional experience represents **46%** of the total sample, corresponding to **19 responses**. The remaining two categories—those with 5 to 10 years of experience and those with more than 10 years—were equal, with **13 respondents** in each category, representing **29%** for each group.
Accordingly, this distribution reflects a balanced representation of experience levels among the sample members, with a slight tendency toward greater representation of individuals with less experience.

5. Testing the Study Hypotheses:

a. The first hypothesis states that:
"The rules and ethics of the auditing profession play a role in supporting the independence of the external auditor."
To verify this, Pearson's correlation coefficient was calculated, as shown in the following table:

Table (06): Results of Testing the First Hypothesis

Hypothesis	Pearson Correlation Coefficient	Coefficient of Determination	Significance Level
Ethical Aspects of the Auditing Profession Principle of Auditor Independence	0.798	0.625	0.000

Source: Compiled by the researchers using the same outputs as the preceding program.

The results in Table (06) show that Pearson's correlation coefficient between the rules and ethics of the auditing profession and the independence of the external auditor reached 0.798, a strong positive value indicating a robust direct relationship between the two variables. This means that increased adherence to professional rules and ethics corresponds to a higher level of external auditor independence.
Furthermore, the coefficient of determination (0.625) indicates that approximately 62.5% of the variation in external auditor independence can be explained by the rules and ethics of the profession—an elevated percentage that reflects the strong influence of the independent variable in explaining the variability of the dependent variable.

Additionally, the significance level (Sig = 0.000) is less than 0.05, confirming that the relationship is statistically significant and scientifically reliable. Based on these results, it can be concluded that the rules and ethics of the auditing profession play a fundamental and direct role in supporting the independence of the external auditor by strengthening integrity, objectivity, and professional commitment—core pillars of auditor independence. Therefore, the hypothesis is accepted.

b. Second Research Hypothesis: The hypothesis states that:
"There is a relationship between the rules and ethics of the auditing profession and the independence of the external auditor."
To verify this relationship, the arithmetic mean was calculated, as shown in the following table:

Table (07): Results of Testing the Second Hypothesis

No.	Statement	Arithmetic Mean	Standard Deviation	Rating
1	The Code of Professional Ethics serves as a reference that the auditor must adhere to while performing his duties, and deviation from this code constitutes a violation of professional ethics.	2.73	0.580	High
2	Laws, regulations, and religious belief constitute a source for defining auditor behavior.	2.93	0.330	High
3	The auditor's social and economic environment influences his behavior and decisions.	2.89	0.318	High
4	The auditor maintains integrity and honesty in all his professional and business relationships.	2.36	0.802	High
5	In the absence of rules, standards, and guidelines, the auditor subjects his actions and decisions to a test of conformity with the principle of integrity.	2.24	0.802	High
6	The auditor avoids performing professional services when a relationship or bias may arise that could impair his professional judgment.	2.60	0.688	High
7	The auditor is committed to respecting the confidentiality of information	2.78	0.471	High

No.	Statement	Arithmetic Mean	Standard Deviation	Rating
	obtained from the client, as well as the work performed.			
8	The auditor must possess the necessary professional experience, academic qualifications, and appropriate professional knowledge to perform audit work and ensure clients receive high-quality services.	2.71	0.549	High
9	The auditor is committed to ensuring that the information presented in the financial statements reflects credibility and transparency, and meets the needs of its users.	2.76	0.570	High
TOTAL		2.66	0.567	مرتفعة

Source: Compiled by the researchers using the same outputs as the preceding program.

The table shows that all arithmetic means for the nine statements ranged between **(2.24)** and **(2.93),** all falling within the **"High"** category. This indicates strong agreement among the sample members that adherence to the rules and ethics of the auditing profession significantly contributes to enhancing the independence of the external auditor.
Furthermore, the relatively low standard deviations (ranging from **0.318** to **0.802**) indicate that respondents' opinions were homogeneous, with little variation in their perception of the importance of professional ethics in supporting auditor independence.
The highest mean (2.93) was recorded for statement (2), which relates to the role of laws, regulations, and religious beliefs in defining auditor behavior. This reflects a strong awareness of the importance of legal and ethical references in guiding auditing practice.
Meanwhile, the lowest mean (2.24) in statement (5) suggests a relatively lower consistency in applying the principle of personal integrity in the absence of clear rules.
The overall arithmetic mean (**2.66**) with a standard deviation of (**0.567**) shows that the relationship between the rules and ethics of the auditing profession and auditor independence is generally high. This highlights that ethical and professional values constitute a fundamental pillar of auditor independence.
Accordingly, the **second hypothesis is accepted**, confirming the existence of a relationship between the ethics and rules of the auditing profession and the independence of the external auditor.

c. **Third Research Hypothesis**: The hypothesis states that:
"There is an effect of the rules and ethics of the auditing profession on the independence of the external auditor."
To verify this, the simple linear regression coefficient was calculated, as shown in the following table:

Table (08): Simple Linear Regression Model for the Third Hypothesis

Model	R	R Square	Adjusted R square	Std.Error of the Estimate
1	0.798	0.637	0.628	0.161

Source: Compiled by the researchers using the same outputs as the preceding program.

The results in Table (08) show that the correlation coefficient **R = 0.798** indicates a strong and positive relationship between the rules and ethics of the auditing profession and the independence of the

external auditor. This implies that increased adherence to professional ethical standards leads to a higher degree of auditor independence.
The coefficient of determination **R^2 = 0.637** means that **63.7%** of the variation in auditor independence can be explained by the rules and ethics of the profession—a relatively high percentage reflecting the model's predictive strength.
The adjusted coefficient of determination **Adjusted R^2 = 0.628** confirms that the model remains robust even after adjusting for the number of variables and sample size.
The standard error of estimate (**0.161**) indicates an acceptable level of dispersion around the regression line, supporting the model's reliability.

Table (09): ANOVA for the Third Hypothesis

Model	Sum of Squares	DF	Mean Square	Calculated F	Sig.
Regression	226.741	1	226.741	75.429	0.000
Residual	129.259	43	3.006		
Total	356.00	44			

Source: Compiled by the researchers using the same outputs as the preceding program.

The ANOVA table shows that the calculated **F-value = 75.429** at a significance level **Sig = 0.000**, which is statistically significant at the 0.05 level. This indicates that the regression model as a whole is highly significant, meaning the changes in auditor independence are not random but can be clearly explained by the rules and ethics of the auditing profession.
The high F-value further indicates a strong relationship between the independent variable (professional ethics) and the dependent variable (independence), confirming the validity of the regression model for interpretation and inference. Based on these results, the parameters of the regression model are determined as follows:

Table (10): Regression Coefficients for the Main Hypothesis

Model	Unstandardized Coefficients		Standardized Coefficients Beta	Calculated T	Sig.
	B	Std. Error			
Constant	5.007	2.202		2.274	0.028
External Auditor Independence	0.706	0.081	0.798	8.685	0.000

Source: Compiled by the researchers using the same outputs as the preceding program.

Table (10) shows that the unstandardized coefficient for rules and ethics of the auditing profession is B = 0.706, indicating that a one-unit increase in adherence to ethical standards results in a in the external auditor's independence.
The calculated T-value = 8.685 with Sig = 0.000 confirms that this effect is statistically significant at the 95% confidence level.
The standardized coefficient Beta = 0.798 indicates a strong and positive effect between the two variables.
The constant (5.007) represents the expected value of auditor independence in the absence of ethical commitment.
These results confirm that the rules and ethics of the auditing profession are a fundamental and influential factor in explaining the independence of the external auditor.

Based on these findings, the **third hypothesis is accepted**, confirming that the rules and ethics of the auditing profession have a significant impact on the independence of the external auditor.

d. Fourth Research Hypothesis:

The fourth hypothesis states that ***"There are no statistically significant differences between job titles regarding adherence to the rules and ethics of the auditing profession."*** To verify this, a one-way ANOVA test was conducted, as shown in the following table:

Table (11): Results of Testing the Fourth Hypothesis (ANOVA)

Source of Variance	Sum of Squares	DF	Mean Square	Calculated F-value	Sig
Between Groups	20,847	2	10.424	1.306	0.282
Within Groups	335.153	42	7.980		
Total	356.000	44	-		

Source: Compiled by the researchers using the same outputs as the preceding program.

The table shows that the calculated F-value (1.306) at a significance level of Sig = 0.282 is greater than the adopted significance level (0.05). This indicates that the differences between groups according to job titles are not statistically significant. Accordingly, there are no meaningful differences between job titles in the level of adherence to the rules and ethics of the auditing profession.

Furthermore, the relatively small sum of squares between groups (20.847) compared to the within-groups sum of squares (335.153) indicates that most variance in ethical adherence is attributable to individual differences within groups rather than the job title factor.

Therefore, the hypothesis stating that no statistically significant differences exist between job titles with respect to adherence to auditing ethics is accepted.

e. Fifth Research Hypothesis: The fifth hypothesis states that:

"There are no statistically significant differences in years of experience regarding adherence to the rules and ethics of the auditing profession." To verify this, a one-way ANOVA test was conducted, as shown in the following table:

Table (12): Results of Testing the Fifth Hypothesis (ANOVA)

Source of Variance	Sum of Squares	DF	Mean Square	Calculated F-value	Sig
Between Groups	59.304	9	29.552	4.197	0.022
Within Groups	296.696	42	7.064		
Total	3	44	-		

The table indicates that the calculated F-value (4.197) with Sig = 0.022 is less than the statistical significance level (0.05), which means that the differences between groups according to years of experience in adherence to auditing ethics are statistically significant. In other words, the level of adherence to professional ethics varies according to the auditors' years of experience.

The results also show that the between-groups sum of squares (59.304) is relatively higher than the within-groups sum of squares (296.696), meaning that a considerable portion of variance in ethical adherence can be explained by differences in professional experience. Based on these findings, the hypothesis suggesting that differences exist among auditors according to their years of experience is accepted.

Overall, these results indicate that professional experience has a significant influence on the degree of adherence to the rules and ethics of the auditing profession, as auditors with longer experience tend to demonstrate higher levels of compliance with professional standards compared to their less experienced counterparts.

IV. Conclusion

Ethical principles lie at the core of the auditing profession, ensuring quality, transparency, and the credibility of the auditor's opinion. Professional ethics provide a structured framework that guides auditors' conduct and reinforces their independence. Through empirical analysis, the study clarified how ethical commitment contributes to strengthening auditor independence and how experience-related factors influence adherence to ethical rules.

1. Study Findings:

The present study has reached the following findings:

- The study revealed a strong positive correlation between auditing ethics and the independence of the external auditor;
- Simple linear regression confirmed a significant and positive effect of professional ethics on auditor independence;
- No statistically significant differences were found among job titles regarding adherence to auditing ethics. Significant differences were found based on years of experience, in favor of more experienced auditors;
- Ethical elements such as integrity, confidentiality, objectivity, and professional competence are essential in enhancing auditor independence.
-

2. Study Recommendations:

Based on the aforementioned results, a set of recommendations can be drawn, as follows:

- Strengthening training programs in auditing ethics, especially for less experienced auditors:
- Updating professional regulations to align with international ethical standards;
- Enhancing professional oversight to ensure compliance with ethical requirements;
- Promoting an ethical culture within auditing firms to reinforce independence;
- Improving mechanisms for detecting and addressing conflicts of interest to support auditor independence.

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