

## The effect of sound ethical behavior on financial decisions quality; an empirical study on some Algerian enterprises

MELIKAOUI Mouloud<sup>1\*</sup>, GOUADER Nesrine<sup>2</sup>

<sup>1</sup>Blida 02 university (Algeria), melikaouim@yahoo.fr

<sup>2</sup>Bordj Bou Arreridj university(Algeria), nesrine.gou34@gmail.com

Received: 24./11/2021

Accepted: 17/01/2022

Published:31/01/2022

### Abstract:

This study aims to try testing the effect of sound ethical behavior on quality and rationalizing of financial decisions in economic enterprises, through application on sample of algerian enterprises, which includes Soidal enterprise in algiers, enterprise for manufacture packaging materials in Bordj bou Arreridj, enterprise for the glass industry in Blida and enterprise for the plastics industry in Médéa. we used the questionnaire to collect information which were distributed to high management positions(91 questionnaires). also, we used statistical program (spss.v23) and (Amos. V23) in order to analyzing data, as well as use many statistical methods such as exploratory and confirmatory factorial analysis.

The study found a statistically significant effect of the ethical dimension in rationalizing and quality financial decisions, as reduce unethical behavior in the enterprise leads to increase the quality of financial decisions in the enterprises study sample by 52%.

**Keywords:** ethic behavior; financial decisions; quality; rationalization; enterprise.

**ملخص:** تهدف هذه الدراسة إلى محاولة اختبار أثر السلوك الأخلاقي السليم على جودة القرارات المالية في المؤسسات الاقتصادية، وذلك من خلال التطبيق على عينة من المؤسسات الجزائرية، والتي تشمل مؤسسة صيدال بالجزائر، مؤسسة صناعة مواد التعبئة والتغليف بـ برج بوعريـريـج، مؤسسة صناعة الزجاج بالبلـيدـة، مؤسسة صناعة البلاستيك بالمدينة، وقد تم استخدام أسلوب الاستبيان لجمع المعلومات والتي تم توزيعها على المناصب الإدارية لتحليل Amos. V23 و Spss.V23 العليا في المؤسسات (91 إستبانة)، وتم الاستعانة بالبرنامج الإحصائي البيانات وكذا استخدام العديد من الأساليب الإحصائية كالتحليل العاملي الاستكشافي والتوكيدي. وقد توصلت

الدراسة لوجود تأثير دال إحصائيا للبعد الأخلاقي في ترشيد القرارات المالية، حيث أن تقليل السلوك غير الأخلاقي .  
كلمات مفتاحية: سلوك أخلاقي، % يؤدي إلى جودة القرارات المالية في المؤسسات عينة الدراسة بنسبة 52  
قرارات مالية، جودة، ترشيد، مؤسسة.

---

*\*Corresponding author*

## 1. INTRODUCTION

Business ethics has become one of the leading topics nowadays, especially after the appearance of scandals and ethical violations that led to the demise of many enterprises. This is attracted researchers attention to this topic; especially ethics is closely related to the values and behaviors of the human element, which is present in all administrations and facilities of enterprises. This made the latter accelerate the development of cultures and values and behaviors ethics whether in its internal or external environment, with a focus on the accounting and financial aspects of these enterprises, because this aspects can affect on the profitability of the enterprise and thus its value and the wealth of its owners. These goals are considered main objectives for any enterprise seeks to achieve them through sound and rational financial decisions. These decisions are considered among the strategic decisions that are taken in enterprise; this is because it is the basis for its survival and continuity. The most important and difficult of these strategic decisions are the investment decision, the financing decision and the distribution profits decision. These decisions are interrelated with each other, it is not possible to start an investment project without providing the necessary financial resources for its implementation, and it is not possible to choose between internal and external resources without taking into account dividends as an internal financing source.

From the above it appears that every financial decision is made according to the beliefs and principles of the individuals who make these decisions. But what raises the question is the possibility of these decisions being influenced by the ethical values of the individuals who make these decisions. Accordingly, in this research paper, we study the possibility of the

impact of ethical aspects in quality financial decisions. So, we can be asked the following main question: **How does sound ethical behavior contribute to the quality of financial decisions taken and to the preservation of the enterprise survival and continuity?**

The main question includes the following sub-questions:

- What is means the business ethics in economic enterprise?
- What are the principles of developing ethical culture in enterprise?
- What is means financial decisions and what are the most important types?
- is there a correlation between the quality of ethical behavior in economic enterprise and the quality of the financial decision taken?

### **1.1 Hypotheses of the study**

In order to answer the research question and sub-questions, we present a set of hypotheses, which are considered temporary answer:

**First hypothesis:** the ethical dimensions constitute confirmatory model contains a good conformity for data;

**Second hypothesis:** the financial decisions variable contains a multidimensional factorial structure;

**Third hypothesis:** each of the ethical and financial decisions dimensions axis constitutes an integrated structural model characterized by good conformity of indicators;

**Fourth hypothesis:** there is an influence relationship for the ethical dimensions in making financial decisions in enterprises.

### **1.2 Objectives of study:**

This study aims to try to highlight the following points:

- Addressing the concept of ethical culture in business organizations ;
- Determining the indicators and principles of sound ethical behavior in economic enterprises ;
- Introducing the strategic financial decisions in the enterprise and its most important types ;
- Attempting to find a correlation between sound ethical culture and the quality of financial decisions in the enterprises.

### **1.3 Study methodology**

In order to achieve the objectives of the study and answer the main question and in light of the hypotheses presented, we rely on the descriptive

analytical approach in order to purpose the theoretical framework of the subject, as well as depending on the exploratory factorial analysis and the confirmatory factorial analysis using AMOS program to find the relationship between ethical behavior in enterprise and financial decision quality.

## **2. Previous study**

The study of Beu Danielle S et al(2003), entitled: Ethical decision-making: A multidimensional construct. This paper assumes that ethical theory can provide institutions with a means to create a more successful ethical and practical climate, so this study tested the ethical decision-making model with accountability, which uses a theory that indicates that ethical behavior influenced by the individual, the issue, the social relationships, and the institution that the employee is an integral part of it, where the results showed that the thinking processes of individuals, personalities, and gender influence how they respond to ethical dilemmas, as well as the salience of the ethical issue and the environmental context (work/school). (Beu, Buckley, & Harvey, 2003, pp. 88-107)

The study of McDevitt, Roselie et al(2007), entitled: A model of ethical decision making: The integration of process and content. The purpose of this paper is to expand the ethical literature by creating an integrated model that describes the decision-making process used and the decision variables that managers take into account, and the result was an integrated model that contributes to an understanding of the complexity of the decision-making process used by individuals who face ethical dilemmas and suggests variable interactions that can be tested in the field. A better understanding of this process is the first step in shaping the basis on which to develop policies and procedures that enhance the potential for ethical behavior in their organizations. (McDevitt, Giapponi, & Tromley, 2007, pp. 219-229)

The study of Chaubey, D. S. & Patra, S(2016), entitled: A Study On The Ethical Considerations In Investors' Investment Decisions. This paper sheds light on the ethical convictions of investors, which are reflected in their investment decisions, it also tries to build forces that push investors to adhere to ethical investment, as this study concluded that the financial benefit is prevalent despite the recognition of the existence of ethical issues, thus

investors prefer financial investments that have large profits even if it has a minimal role in moral values. (Chaubey & Patra, 2016, p. 07)

The study of Guadine Alice, & Thorne Linda(2001), entitled: Emotion and ethical decision-making in organizations. This study develops a "cognitive-emotional" model for ethical decision-making that demonstrates the integral role of emotion in ethical decision-making, where the model demonstrates that some emotional states affect an individual's tendency to define moral dilemmas. This model in particular indicates that individuals who suffer from excitement and positivity influence the resolution of ethical dilemmas in a manner consistent with more complex cognitive ethical structures. The implications for theory and practice are discussed. (Guadine & Thome, 2001, pp. 175-187)

The study of Lin, Y. C., Huang, C. Y & Wei, Y. S(2018), entitled: Perfectionist decision-making style and ethical investment willingness. The purpose of this paper is to examine the decision-making process regarding readiness for ethical investment to understand how investors evaluate CSR measures, as the results of this study concluded that the decision-making style that seeks perfection has a positive correlation with moral acuity, the substitution of financial returns, and the moral willingness to invest. Besides, there is a positive correlation between moral desire to invest and both moral intensity and substitution of financial returns, as well as a positive correlation between perceived moral intensity and the substitution of financial returns. (Lin, Huang, & Wei, 2018)

The study of Fritzsche, David, & Oz Effy(2007), entitled: Personal values' influence on the ethical dimension of decision making. This paper examines personal values as they relate to five types of ethical dilemmas, by studying the relationship between personal values and the ethical dimension of decision-making using partial least squares analysis (PLS), where it was concluded that there is a significant positive contribution to altruistic values in ethical decision-making. And a significant negative contribution of self-enhancement values to ethical decision-making. (Fritzsche & Oz, 2007)

### **3. Literature review**

### **3.1 The ethics Business**

Business ethics indicates to standards of right and false conduct in business. law partially defines the concept of conduct, but the terms legal and ethical do not necessarily have the same meaning. Business ethics reinforce the law through determining acceptable behavior outside government control.

companies create business ethics to promote integrity among employees and increase trust with key stakeholders such as investors and consumers. codes of business ethics have become commonly in companies, but they differ in their quality, according to the 2018 Global business ethics survey (GBES) less than one in four American employees believe their companies have a well-executed ethics program. (Karisa, 2021, p. 01)

in addition, the business ethics can be defined as an attempt to evaluate all the possible actions and procedures presented to each person to determine whether he is right or wrong, thus the ethics is embodied in the examination of real behaviors in which human actions can be analyzed. (Masri, 2018, p. 200)

Business ethics can be also defined as the rules, standards, codes or principles that provide guidelines for ethically correct behavior and honesty in specific situations (Idowu & Kaliyurt, 2014, p. 242). Management ethics cover all aspects related to ethical principles, decisions making, governance and codes of conduct, so these ethics owe their existence to the appearance of a fundamental flaw in the work, which results in the exacerbation of events that arise when things are not in the right place. This can support the opinion behavioral standards which sees the management ethics are only behavioral standards that guide and direct managers in their works. (Chaib, 2021, p. 515). In addition business ethics can be defined as a comprehensive framework governs the behaviors and compartments, and describes what is acceptable or correct and what is relatively unacceptable or false in light of the prevailing standards in society according to the habits and laws, in addition to values, systems and stakeholders, all of them play a major role in determining it. (Harada & Osman, 2014, p. 271)

business ethics are a principles and values that classify human comportment to wrong or right, good or bad. these principles classified into four basic values, the first value is the discipline that means diligence, efficiency, and training self- control on right behavior for respecting the system in enterprise and driving to achieve its goals. in addition, discipline applies to stakeholders like other employees. (Bugdol, 2018, p. 12)

Through previous definitions, we concluded that business ethics contribute to determine what is correct or false through a set of standards, values and principles. In this paper research, we focus on three main principles: transparency, responsibility and honesty.

### **3.1.1 Transparency**

Transparency can be defined necessary media mechanism for trust, justice and rationality. Therefore, the transparency of the enterprise is based on nothing is hidden in it. This means everything is exposed, which is it seeks to how to change the happiness in closed doors by making these doors transparent. The main rational is that transparency makes available trustworthy information to achieve clarity, insight and effectiveness, through eliminating the opaque and confidential, which leads to the understanding that achieving transparency is a matter of developing the correct principles and practices for removing confidentiality. (Janning, Khelif, & Ingley, 2020, pp. 8-60)

### **3.1.2 Honesty**

The oxford English dictionary defines the term honest as free of deceit; thruthful and siencere; morally correct and virtuous. (Dominic D & Anthony D, 2017, p. 293). Traditionally understood the honesty means telling the truth or not lying, not only with others but with oneself, honesty means not falsifying reality in order to obtain value. Also honesty means not taking sides in personal interest and working with confidence and honesty. (Woiceshyn, 2011, p. 316)

### **3.1.3 Responsibility**

Responsibility means individuals bearing the consequences of their decisions whether positive or negative. Responsibility contributes to achieving accountability within the enterprise, this enables us to identify the errors and treat them before aggravate and appear in the form of a ethical

dilemma that cannot be resolved, in addition to its negative effects that could lead to bankruptcy enterprise. (Hadjira & Leila, 2021, p. 333)

### **3.2 The financial decisions**

Decision making in the business sector is an important process, good businesses those that create economic value, are the result of rational financial decisions (investing, financing, operating). However, poor financial decisions destroy economic value as they threaten the continuity the enterprise, because the lack of quality decisions. so, the goal of making financial decisions in the enterprise is to maximize the value of enterprise and its shareholders. (Milka E, Carlos A, & Arturo, 2015, p. 279)

Financial decisions are considered importance to all areas and activities of the enterprises as well as to individuals and the public sector, which have changed dramatically the context of making the decisions and the challenges they face it in the past decades. (Zopounidis, Doumpos, & Niklis, 2018, p. 63)

#### **3.2.1 Investment decision**

in today's market, there is a wide range of investment instruments of diverse relative importance to the enterprise. investment as a source of income is one of the most important means of shaping the future of investor welfare. However, profits are not realized automatically due to existing risks. as a result, the biggest challenge facing the enterprise relates to developing and selecting an effective investment decision, an investment decision is a system of long-term investment goals for enterprise. the theory asserts that prediction of investment decisions cannot be based solely on rationality because there are cognitive and emotional that affect on decision making process. (Egidijus & Evelina, 2021, p. 01)

#### **3.2.2 Financing decision**

The finance is necessary for the operation and development of the enterprise as well as its sustainability, and it's one of the most important decisions that the executives in the enterprise must be take in order to able the finance the investment cycle. However, this decision is not limited only to choosing the method of financing, but should not conflict with other



decisions as a dividend distribution decision, if internal financing is preferred it may be decided to distribute less profits.

The manager must make the financing decision from the options available to him, represented in balancing between debt and equity, and balancing between internal and external financing, but it is important to note that long-term working capital needs must be financed through long-term resources and similarly for short-term investments that must financing it in the short term. (Larbi, 2018, p. 29)

### **3.2.3 Dividend distribution decision**

According the financial literature, the dividend distribution decision is a decision strategy very complex that assume the availability of a certain amount of wealth created by the enterprise to the shareholders. (Therese, 2020, p. 770). This decision is process of choosing between retained earnings and paying liquidity to the shareholders on the other hand. (Aissani & Bouciki, 2016, p. 02)

## **4. Empirical study**

### **4.1 sample of study**

The study sample of this research paper is a set of Algerian enterprises, especially productivity enterprises because their making many financial decisions whether investment decision or financing decision or dividend distribution decision. these enterprises include:

- Saidal enterprise: it is headquartered in Algiers and was established in 1971 and is a public economic enterprise specialized in the pharmaceutical industry.
- Enterprise for manufacture packaging materials in Bordj bou Arreridj, it was established in 1985 and is a public economic enterprise specialized in the paper industry.
- Enterprise for the glass industry in Blida and was established in 2007. it is a subsidiary of the sevital complex specialized in the glass industry.
- Enterprise for the plastics industry in Médéa and was established in 1998 and is a private enterprise specialized in the plastics industry.

## **4.2 Methods and Materials**

We choose the questionnaire as tool to collect data because existing qualitative variables represented in ethics dimensions, we distributed this questionnaire on set of administrative cadres in the companies, after sorting the questionnaire we concluded that the total available questionnaire for statistical analyze reached 91.

In order to achieve the goals of study, we used some statistical methods to addressing the analytical sides of the study, so that we described firstly the characteristics of the study sample through descriptive statistic measures, then we extracted the factorial structure of the study variables through exploratory factorial analysis, in addition we verified the structural validity of the extracted measures from exploratory factorial analysis, as well as testing the validity of the model and its conformity with the data.

### **4.3 The demographic analysis of the questionnaire**

Through descriptive statistic results we used in order to extract the frequencies and percentages of the demographic axis which are summarized in table 01, it appears the majority of the sample members were from the male category with a percentage of 76,9%, while the rest percentage belonged to the female category. It is possible the reason of this distribution is due to the quality of vacancies, which we find that the male category is more courageous in making decisions, which enable them to face the risks related to these decisions, unlike the female category which can avoid working in this positions because their inability to bear the risks resulted on some the decisions made. As for the age category variable for this sample, the most of its members were from the category [30-40years] with a rate 47,30%, followed by the age category less the 30years with rate 31,90%, this indicates that these companies provide an opportunity for the rising generations through investing in them ideas and creativity. This is consistent with the responses of the sample members to the variable of experience, which the majority of the answers for a category from 5 years to 10 years with a rate 36,30% followed by the members category less than 5 years with a rate 29,70%, also we notes that the majority of sample members they have university qualifications such as Master and License.

**Table 01:** Distribution of study sample according to a set of criteria

<b>Individual data</b>	<b>statement</b>	<b>Répétition</b>	<b>Ratio</b>
<b>Sex</b>	male	70	76,90%
	female	21	23 ,1%
	total	91	100%
<b>Age</b>	Less than 30years	29	31,90%
	From 30 to 40 years	43	47,30%
	From 41 to 50 years	13	14,30%
	From 51 to 60 years	06	6,60%
	total	91	100%
<b>Expérience</b>	Less than 5 years	27	29,70%
	From 5 to 10 years	33	36,30%
	From 11 to 15 years	18	19,80%
	More than 15 years	13	14,30%
	total	91	100%
<b>Academic level</b>	License	49	53,80%
	master	35	38,50%
	magistère	03	3,3%
	Doctorat	01	1,10%
	High studies	3	3,30%
	total	91	100%

Source: prepared by researchers depending Spss v 23

#### 4.4 Results and discussion

#### **4.4.1 exploratory factorial analysis**

Initially, we will use exploratory factorial analysis on the two axes of study in order to identify the conceptual structure of each axis, but before extracting the factors that make up each axis must be ensure to the validity the correlation matrix for analysis. It is evident from the results obtained through correlation matrix for both axes that they are amenable to analysis, because the correlation coefficients between the matrix variables among them were less than 0,90, also they had statistical significance, which confirms that they are acceptable. As for the absolute value of the determinant, its value for the first axis at 0,312 and for the second axis at 0,291, which fulfills the condition, as these two values more than 0.00001.

The third characteristic represented in Bartlett's test which must be statistically significant, the values of the two axes were less than 0,05 , this indicates the correlation matrix for these two axes is different from the unit matrix. The KMO test, its values for the first and second axis respectively 0,654 and 0,627, the both values more than 0,05 this indicate the size of sample is appropriate for analysis. The appointment of efficiency measure (MSA) for each paragraph, the values of all paragraphs were more than 0,5 which confirms the appropriate of the sample size for analysis.

We started the implementation of the second step of the exploratory factorial analysis after confirming the validity of the correlation matrix for the analysis, where we used the method of basic components to extract the factors, in addition to using the KAISER criterion to determine these factors through the amount of the latent root of the factor that must exceed the correct one. We also depended on oblique rotation (promax) because it is more realistic in interpreting the appropriate combination of the factors. When looking the table N<sup>02</sup> which summarizes the results obtained of the axes, we note that the values of the commonality of the first axis paragraphs represented in ethical dimensions were most of them greater than 0,5 and all of them greater than 0,4 after deleting several paragraphs because of their saturation which was less than 0,40 or because MSA is less than 0,5 or they constitute a single paragraph factor, and by observing the latent roots we find that there are three values more than the correct one, this is constitutes the

dimensions of this axis for us, with a percentages of total variance estimated at 51,078%, which is a good representation of the axis.

As for the second axis, we obtained the values of commonality of all paragraphs more than 0,5 except one value that was more than 0,4 after deleting the necessary paragraphs. As for the values of the latent roots there were three values more than number one, which are respectively 1,588 and 1,542 and 2,059 .these dimensions explained and estimated at 56,601% .

**Table 02 :** results of exploratory factorial analysis

The dimensions Name	the first axis : ethical dimensions									
	1 <sup>st</sup> dimension: transparency			2 <sup>nd</sup> dimension: honesty				3 <sup>rd</sup> dimension: responsibility		
paragraphs	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
saturâtes	0.71 9	0.71 0	0.653	0.665	0.629	0.57 0	0.550	0.754	0.668	0.608
Latent roots	1.852			1.749				1.697		
Explained variance ratio	21.519			17.282				12.277		
KMO & Bartlett's	KMO= 0.654 / sig = .000									
The dimensions Name	The second axis : the financial decisions									
	1 <sup>st</sup> dimension: investment décision		2 <sup>nd</sup> dimension: financing dimension				3 <sup>rd</sup> dimension: profits distribution décision			
paragraphs	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q9
saturâtes	0.828	0.748	0.706	0.657	0.607	0.561	0.803	0.702	0.62 5	
Latent roots	1.588		1.542				2.059			
Explained variance ratio	16.869		14.584				25.148			
KMO & Bartlett's	KMO= 0.627 / sig = .000									

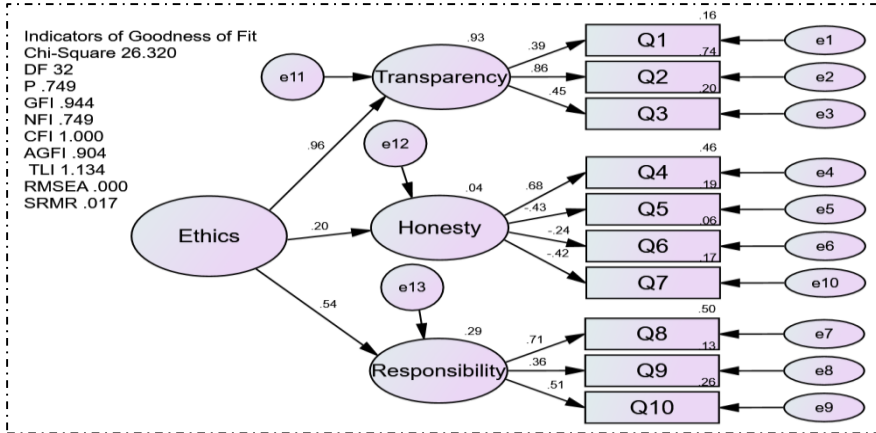
**Source:** prepared by researchers depending spss v 23

After extracting the latent factors dimensions from the results of the exploratory factorial analysis, we will verify the validity of these dimensions through use of confirmatory factorial analysis (Table 03), we will also verify the validity of the integrated structural model and its conformity with the data, by analyzing the indicators of good conformity to the factor models shown in figures 01 and 02 and 03. **(See Figures)**

**4.4.2 the confirmatory factorial analysis**

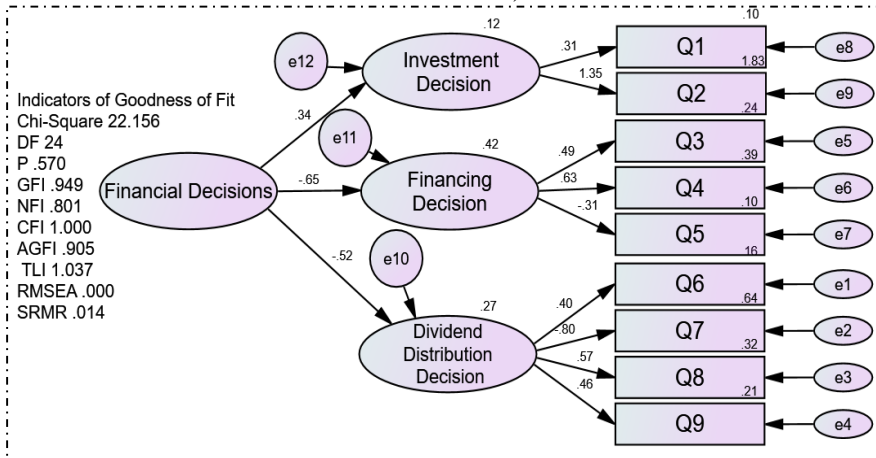
through the following figures and table N<sup>03</sup> we can display the confirmatory factorial analysis.

**Figure 01** : the confirmatory factorial model for the latent variable(ethics)



Source : prepared by researchers depending AMOS V23

**Figure 02** : the confirmatory factorial model for the latent variable(financial decisions)



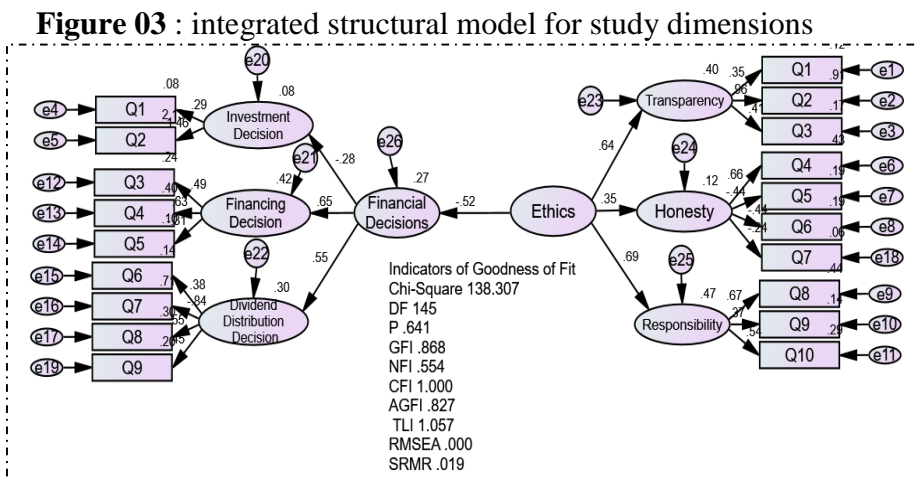
Source : prepared by researchers depending AMOS V23

It appears through the confirmatory factorial model of the ethical dimensions and financial decisions high the values of the normative saturations between the paragraphs and the dimensions, as well as between the dimensions and latent factors, this indicates a high convergent validity of the factorial structure.

As for the confirmation the models with data, it will be analyzed through the goodness of confirmation indicators summarized in table 03 , it is clear that the confirmation indicators signify the model have excellent overall confirmation, also we note that the chi-squared value is not significant at the 0,05 level for the two models, and we note that the values of the most effective and performing models represented in the root mean square error of the approach (RMSEA)were zero, which indicates the conformity of both models is perfect. On the other hand, we find that the values of SRMR were less than 0,1. which indicates a nearly perfect conformity. In addition, the goodness conformity values represented in GFI and AGFI were higher than 0,9, which indicates a high conformity of the data. Unlike the increasing conformity indicators whose values in general were indicates nearly perfect conformity except the standard conformity index whose values were less than acceptance test, but in general we find that the majority of the conformity indicators indicated that the models had good conformity.

**4.4.3 integrated structural model for study**

we can display the analyze of integrated structural model for study through the figure below.



Source: prepared by researchers depending AMOS V23

With regard to the integrated structural model of the study axes, the values of its indicators of good conformity also indicated an acceptable conformity for the model, where the value of chi-square was not statistically significant, and the values of the root mean square error of the approach (RMSEA) and (SRMR) indicated complete conformity. As for the indicators of good conformity, it was less than the acceptance test, but it is considered acceptable in general for some other criteria, it is close to 0,9. While the increased conformity indicators values it was indicated of almost perfect conformity, which the value of CFI is estimated at number one correct. But the tocker-luis indicator it was its value more than number one.

**Table 03:** indicators of good conformity of the confirmatory models

Increased conformity indicators			Absolu conformity indicators						indicators
CFI	NFI	TLI	RMSEA	AGFI	GFI	P	DF	Chi-Square	
More than 0.90	More than 0.90	More than 0.90	Less than 0.08	More than 0.90	More than 0.90		/	Non sig	Acceptance test
Calculated values									
1.000	0.749	1.134	0.000	0.904	0.944	0.749	32	26.320	<b>Figure 01</b>
1.000	0.801	1.037	0.000	0.905	0.949	0.570	24	22.156	<b>Figure 02</b>
1.000	0.554	1.057	0.000	0.827	0.868	0.641	145	138.307	<b>Figure 03</b>

**Source:** prepared by researchers depending spss v 23(Figures 01, 02, 03)

## 4.5 Testing Hypotheses

### 4.5.1 Testing first hypothesis

The first hypothesis states that the ethical dimensions constitute for us a confirmatory model that contains a good conformity of the data, we verified this hypothesis by analyzing the indicators of good conformity for the model shown in **figure 01**, which confirms that the model had a good overall conformity, so the first hypothesis is accepted.

### 4.5.2 Testing second hypothesis

The second hypothesis states that the variable of financial decisions contains a multi-dimensional factorial structure, we extracted these dimensions for exploratory factorial analysis and verified their validity through the confirmatory analysis model shown **in figure 02**, the results of its indicators showed that the model has good conformity, so the second hypothesis is accepted.



### **4.5.3 Testing third hypothesis**

The third hypothesis states that each the ethical dimensions axis and financial decisions axis constitute an integrated structural model characterized of good conformity for indicators, which verified this hypothesis through good conformity indicators showed **in figure 03** , its show the model characterized a good overall conformity. so, third hypothesis is accepted.

### **4.3.4 Testing fourth hypothesis**

This hypothesis states that there is relationship impact of ethical dimensions in making the financial decisions in enterprises; we confirmed this hypothesis through integrated structural model, which show that statistically significant relationship of the ethical dimensions in making financial decisions, which was estimated at 52%, this percentage indicate the significant effect of these dimensions. which means a reducing unethical behavior in the enterprise leads to increase in the quality of financial decisions in the enterprises study sample by 52%.

## **5. CONCLUSION**

The study addressed the subject of business ethics in economic enterprises and their impact on the quality and rationality of financial decisions. sound ethical behavior includes a set of values and principles such as transparency, honesty and responsibility. As for financial decisions, they mainly include the decision related to investment, the decision related to financing and the decision related to dividend distribution. the problem of the study dealt the degree of contribution of the ethical culture adopted within the enterprise in making rational financial decisions, and the impact of this on its survival and continuity. According previous, we can present the following results:

- the study through empirical side demonstrated the importance of exist the ethics with the principles and standards and behavior of financial decision makers given the logical relationship that we extracted from the integrated AMOS program between the ethical dimensions represented in transparency, honesty and responsibility and between each of the financial decisions;

- the sound ethical behavior through transparency and honesty and responsibility contributes to enhancing the quality and rationalization of financial decision in the enterprise by 52%, because this reduces various forms of financial violations;
- we also found the needs for the managers of enterprises to realize the inherent importance of ethical principles in rationalizing financial decisions and to ensure that these principles are applied when making financial decisions.

based on the findings, the prospects of research can be presented by studying the impact of sound ethical behavior in creating and maximizing value, as well as reduce various cases of financial violations that may lead to the bankruptcy. despite the contribution and modernity the subject of the study compared to previous studies, where it dealt the relationship between business ethics and its impact on the quality of financial decisions, which is different from previous studies that dealt the subject of business ethics in enterprise in general. but there are limits to the research, which is the bankruptcy of many enterprises despite having a ethical code. this poses the problem of how to measure ethical commitment? what are the specifications of the ideal ethical code?

## **6. Bibliography List :**

1. Aissani, E., & Bouciki, H. (2016). L'impact De L'introduction En Bourse Sur La Politique De Distribution Des Dividendes. *مجلة الدراسات الاقتصادية المعاصرة*, universite M'sila,(02), 02. 1-18.
2. Beu, D., Buckley, M., & Harvey, M. (2003). Ethical Decision-Making: A Multidimensional Construct. *Business ethics: a european review* , 12 (01), 88-107.
3. Bugdol, M. (2018). A different approach to work discipline. *Human resource management pulgrave Macmillan: springer international publishing, pulgrave macmillan, switzerland.*
4. Chaib, W. (2021). Facts About The Implementation Of The Professional Code Of Ethics Case Study On The Maintenance Directorate-Laghout-Sonatrach, *modern economic researchs review, universite laghouat*, 4 (02), 511-527.

5. Chaubey, D., & Patra, S. (2016). A Study On The Ethical Considerations In Investors' Investment Decisions. *splint international journal of professionals ,india*, 3 (05), 1-18.
6. Dominic D, W., & Anthony D, M. (2017). the truth about honesty. *journal of public and nonprofit affairs* , 03 (03), 293-308.
7. Egidijus, B., & Evelina, G. (2021). Financial factors determining the investment behavior of lithuanian business companies. *journal economies* , 9 (45), 1-19.
8. Fritzsche, D., & Oz, E. (2007). Personal values' influence on the ethical dimension of decision making. *Journal of Business Ethics* , 75 (04).
9. Guadine, A., & Thome, L. (2001). Emotion And Ethical Decision-Making In Organizations. *Journal of business ethics* , 31 (02), 175-187.
10. Hadjira, C., & Leila, M. (2021). Marketing Ethics and Competitiveness: an Empirical Study of Small and Medium Sized Enterprises (SMEs) in Algeria. *مجلة إضافات اقتصادية*, universite ghardaia, 5 (02), 329-345.
11. Harada, Y., & Osman, A. (2014). The Impact Of Business Ethics In The Competitive Advantage (In The Cellular Communications Companies Operating In Jordan). *European scientific journal* , 10 (10), 269-284.
12. Idowu, S., & Kaliyurt, K. (2014). Corporate Governance: An International Perspective. *Springer science and business Media* , london.
13. Janning, F., Khlif, W., & Ingley, C. (2020). The Illusion Of Transparency In Corporate Governance: Does Transparency Help Or Hinder True Ethical Conduct? *Springer nature* , switzerland.
14. Karisa, S. (2021). 3 Reasons why business ethics is important. *School of business and society blog* .
15. Larbi, T. (2018). La Decision Financiere Et Son Impact Sur La Performance Financiere Mesuree Par La Rentabilite Cas De L'entreprise Nationale De Promotion Immobiliere, ENPI, EPE Du Secteur De L'Habitat. *Recherche economique managerial, universite Biskra*, (23), 25-43.
16. Lin, Y., Huang, C., & Wei, Y. (2018). Perfectionist Decision-Making Style And Ethical Investment Willingness: A Two-Factor Causal Mediation Model, *Management Decision*. *journal business ethics*, 56(03),534-549.
17. Masri, H. (2018). financial decision aid using multiple criteria: recent models and applications. *springer* . switzerland.

- 18.** McDevitt, R., Giapponi, C., & Tromley, C. (2007). A Model Of Ethical Decision Making: The Integration Of Process And Content. *journal of business ethics* , 73 (02), 219-229.
- 19.** Milka E, E., Carlos A, R., & Arturo, G. (2015). Financial decision and its relationship with economic value added. *Mediterranean journal of of social sciences* , 06 (01), 278-284.
- 20.** Therese, M. (2020). Confiance Envers Les Dirigeants Et Distribution Des Dividendes Dans Les Entreprises: Une Etude Qualitative. *International journal of managment sciences* , 3 (3), 768-791.
- 21.** Woiceshyn, J. (2011). A model for ethical decision making in business: Reasoning, intuition, and rational moral principles. *Journal of business ethics* , 104 (03), 311-323.
- 22.** Zopounidis, C., Doumpos, M., & Niklis, D. (2018). Financial Decision Support: An Overview Of Developments And Recent Trends. *EURO Journal on financial decision processes* , 6 (01), 63-76.