

Research/Review

The Ethical Compass: Guiding Auditor Choices in A Jakarta Public Accounting Firm

A.Fadli Mappisabbi¹, Steviani Batti², Nurasia Natsir³¹ STIA –YAPPI, Indonesia 1; e-mail: mappisabbi@gmail.com² Universitas Terbuka, Indonesia 2; e-mail: steviani@ecampus.ut.ac.id³ STIA YAPPI, Indonesia 3; e-mail: nurasianatsir@stiyappimakassar.ac.id

* Corresponding Author: A.Fadli Mappisabbi

Abstract: The study examines the critical role of professional ethics in auditor decision-making, focusing on public accounting firms in Jakarta, Indonesia. Employing a convergent parallel design, the research integrates qualitative case study findings with quantitative survey results to provide a comprehensive understanding of the factors influencing ethical behavior in the auditing profession. The qualitative component explores the ethical dilemmas faced by auditors, drawing on Kohlberg's Theory of Moral Development, Rest's Four-Component Model, and the Theory of Planned Behavior. Through in-depth interviews and document analysis, the study reveals that auditors encounter complex ethical challenges stemming from client pressures, organizational incentives, and ambiguous professional guidelines. The findings highlight the pivotal role of ethical culture and leadership in shaping auditors' decision-making processes. The quantitative component complements the qualitative insights by surveying a larger sample of auditors across multiple firms. Descriptive and inferential analyses are conducted to assess the relationships between key variables, including organizational culture, professional guidelines, moral development, and ethical decision-making. The results provide empirical support for the qualitative findings, confirming the significant influence of organizational factors and individual moral reasoning on auditors' ethical behavior. The study offers practical recommendations for enhancing ethical practice in the auditing profession. These include implementing robust ethical training programs, fostering mentorship relationships, and aligning organizational incentives with ethical objectives. The research highlights the importance of cultivating a strong ethical culture within accounting firms and emphasizes the need for clear, unambiguous professional guidelines to support auditors in navigating ethical dilemmas.

Keywords: auditor decision-making; ethical dilemmas; moral development; organizational culture; Professional ethics

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1. Introduction

The auditing profession is inherently complex, requiring practitioners to navigate a landscape marked by stringent professional standards, organizational expectations, and external pressures. Ethical decision-making is a cornerstone of this profession, as auditors are tasked with upholding principles such as integrity, objectivity, and independence while delivering accurate and reliable financial assessments. However, the dynamic interplay of personal, organizational, and external factors often creates ethical dilemmas that challenge auditors' ability to maintain these standards. This study seeks to explore the critical role of professional ethics in auditor decision-making, focusing on a public accounting firm in Jakarta as a case study to provide nuanced insights into this multifaceted issue.

Ethical dilemmas in auditing frequently arise from conflicts between professional obligations and the demands of clients or organizational priorities. Auditors often face situations where they must balance their duty to adhere to ethical guidelines against pressures to meet performance targets, retain clients, or align with organizational incentives. Such conflicts are further complicated by factors such as time constraints, resource limitations, and

ambiguous ethical standards, which can hinder auditors' ability to make principled decisions. By examining these challenges within the context of a specific firm, this research aims to uncover the underlying mechanisms that influence ethical decision-making and identify strategies to support auditors in navigating these complexities effectively.

The study is grounded in a robust theoretical framework that integrates perspectives from moral psychology, behavioral ethics, and organizational theory. Drawing on Kohlberg's Theory of Moral Development, Rest's Four-Component Model of Morality [2], and the Theory of Planned Behavior, the research investigates how individual moral reasoning, organizational culture, and external pressures interact to shape auditors' ethical behavior. By employing a qualitative case study approach, the research provides an in-depth analysis of real-world ethical dilemmas encountered by auditors, offering valuable insights into the role of professional ethics in sustaining the integrity and credibility of the auditing profession.

2. Theoretical Framework

The theoretical foundation for this research is grounded in Kohlberg's Theory of Moral Development, which posits that ethical decision-making evolves through a series of hierarchical stages. This theory provides a framework for understanding how auditors, as professionals, navigate ethical dilemmas based on their moral reasoning. Kohlberg's stages, ranging from pre-conventional to post-conventional levels, are particularly relevant in examining how auditors prioritize ethical principles over personal or organizational pressures when making decisions. This theory underpins the cognitive processes influencing ethical behavior in professional contexts.

Additionally, Rest's Four-Component Model of Morality offers a complementary perspective by emphasizing the sequential processes required for ethical action: moral sensitivity [9], moral judgment, moral motivation, and moral character. This model is instrumental in dissecting the decision-making process of auditors, as it highlights the interplay between recognizing ethical issues and acting upon them. By integrating this model, the research examines how auditors identify ethical conflicts, evaluate potential courses of action, and commit to ethical resolutions despite external challenges.

The research also draws on the Theory of Planned Behavior (TPB) to explore the role of intention in ethical decision-making. TPB suggests that behavior is influenced by attitudes, subjective norms, and perceived behavioral control. In the context of auditing, this theory helps to analyze how auditors' ethical intentions are shaped by their professional values, organizational culture, and perceived ability to act ethically. This theoretical lens is crucial for understanding the factors that either facilitate or hinder ethical decision-making within public accounting firms.

Social Cognitive Theory [4] (SCT) further enriches the theoretical framework by examining the reciprocal interaction between personal factors, environmental influences, and behavior. SCT is particularly relevant in exploring how auditors' ethical decisions are shaped by their professional training, peer influences, and organizational policies. This theory underscores the importance of ethical culture within firms, suggesting that an environment promoting ethical behavior can significantly enhance auditors' ability to make principled decisions.

Lastly, deontological ethics, derived from Immanuel Kant's moral philosophy, provides a normative basis for evaluating auditors' adherence to professional ethical standards. This perspective asserts that ethical actions are determined by adherence to universal moral duties and principles, rather than outcomes. By incorporating deontological ethics [5], the research assesses how auditors uphold their professional responsibilities, such as independence and integrity, even when faced with conflicting interests. This normative approach reinforces the importance of unwavering ethical commitment in the auditing profession.

3. Method

3.1 Case Study Design and Selection

The case study design was meticulously chosen to provide an in-depth exploration of the role of professional ethics in auditor decision-making within a public accounting firm in Jakarta. A quantitative and qualitative case study approach was deemed most suitable, as it allows for a comprehensive examination of real-world ethical dilemmas encountered by auditors. The selection of the firm was based on purposive sampling, targeting a well-established firm with a robust client portfolio and a history of ethical challenges in auditing practices. This ensured the relevance of the case to the research objectives, enabling a focused analysis of ethical decision-making processes in a professional auditing context.

To identify participants, a criterion-based selection method was employed, focusing on auditors with at least five years of professional experience and direct involvement in decision-making processes. The participants were selected to represent diverse hierarchical levels within the firm, including junior auditors, senior auditors, and audit managers, to capture a holistic perspective on ethical decision-making. The firm's management was approached to facilitate access to relevant personnel and ensure the inclusion of individuals with firsthand experience of ethical dilemmas. This strategic participant selection enhanced the study's ability to uncover nuanced insights into ethical reasoning and behavior.

The case study design also incorporated a review of organizational documents, such as ethical guidelines, audit reports, and internal policies, to contextualize the participants' experiences. These documents were analyzed to identify recurring ethical themes and align them with the theoretical framework. The firm was selected not only for its accessibility but also for its willingness to provide comprehensive data, ensuring the richness and depth of the case study. This rigorous selection process was integral to establishing the credibility and relevance of the research, enabling a thorough investigation of the interplay between professional ethics and auditor decision-making.

3.2 Quantitative Survey Design and Data Collection

To complement the qualitative case study, a quantitative survey was conducted to assess auditors' perceptions of the role of professional ethics in decision-making across multiple public accounting firms in Jakarta. The survey questionnaire was developed based on the theoretical framework and insights from the qualitative findings. It included items measuring ethical dilemmas, organizational culture, professional guidelines, moral development, and the integration of ethics in audit processes.

A stratified random sampling technique was employed to select participants from various hierarchical levels (junior auditors, senior auditors, and audit managers) across different firms. The sample size was determined using power analysis to ensure adequate statistical power. The survey was administered online using Qualtrics, and data were collected over a period of four weeks.

3.3 Quantitative Data Analysis

The quantitative survey data were analyzed using descriptive and inferential statistics. Descriptive analyses, including means, standard deviations, and frequencies, were conducted to summarize the sample characteristics and key variables. Cronbach's alpha was used to assess the internal consistency reliability of the survey scales.

Inferential analyses were performed to examine the relationships between variables and test the study's hypotheses. Multiple regression analysis was conducted to determine the predictive power of organizational culture, professional guidelines, and moral development on auditors' ethical decision-making. ANOVA was used to compare perceptions across different hierarchical levels and firms. Mediation analysis was employed to investigate the potential mediating role of moral development in the relationship between organizational factors and ethical decision-making.

3.4 Data Collection Procedures

Data collection procedures for this study involved a combination of semi-structured interviews, document analysis, and observational methods to gather comprehensive data on ethical decision-making among auditors. Semi-structured interviews were conducted with selected participants, including junior auditors, senior auditors, and audit managers, to capture

diverse perspectives on ethical dilemmas. The interview questions were designed to align with the theoretical framework, focusing on moral reasoning, ethical challenges, and decision-making processes. Each interview lasted approximately 60 minutes and was audio-recorded with participants' consent. Transcriptions were subsequently prepared for analysis. This approach ensured the collection of rich, qualitative data directly relevant to the research objectives.

In addition to interviews, organizational documents such as ethical guidelines, audit reports, and internal policies were reviewed to provide contextual insights into the firm's ethical practices. These documents were analyzed to identify recurring themes and patterns related to ethical decision-making, offering a supplementary perspective to the interview data. Observational methods were also employed during audit team meetings to understand how ethical considerations were integrated into discussions and decisions in real-time. Field notes were taken during these observations to document interactions, behaviors, and contextual factors influencing ethical decision-making.

To ensure the reliability and validity of the data collection process, multiple sources of evidence were triangulated. This included cross-referencing interview responses with document analysis and observational findings to identify consistencies and discrepancies. Participants were also given the opportunity to review their interview transcripts for accuracy, enhancing the credibility of the data. Data collection was conducted over a three-month period to allow sufficient time for in-depth exploration of ethical issues. These procedures were meticulously designed to provide a robust foundation for analyzing the role of professional ethics in auditor decision-making.

3.5 Ethical Considerations in Research

Ethical considerations were meticulously addressed to ensure the integrity and credibility of the research process. Prior to data collection, informed consent was obtained from all participants, who were briefed on the study's objectives, procedures, and their rights, including the right to withdraw at any stage without repercussions. Confidentiality was rigorously maintained by anonymizing participants' identities and the firm's name in all records and publications. Audio recordings and transcripts were securely stored in encrypted digital files accessible only to the research team. These measures were implemented to uphold ethical standards and foster trust, ensuring participants felt secure in sharing sensitive information.

The study adhered to ethical guidelines outlined by institutional review boards and professional auditing standards. Ethical approval was secured from the relevant ethics committee prior to initiating the research. Participants were assured that their contributions would be used solely for academic purposes and that no identifiable information would be disclosed. To mitigate potential power dynamics, particularly for junior auditors, interviews were conducted in neutral settings, and participants were encouraged to express their views freely without fear of professional repercussions. This approach ensured an ethical and unbiased environment for data collection.

Special attention was given to the ethical handling of organizational documents and observational data. Permission was sought from the firm's management to access internal policies, ethical guidelines, and audit reports, with assurances that these materials would be used responsibly and securely. Observations during audit team meetings were conducted unobtrusively, with prior consent from all attendees to respect their privacy and professional boundaries. Ethical safeguards were integrated throughout the research process to balance the need for comprehensive data collection with the imperative to protect participants' rights and the firm's confidentiality.

3.6 Data Analysis Techniques

The data analysis techniques employed in this study were designed to systematically interpret the qualitative data collected from interviews, organizational documents, and observational field notes. Thematic analysis was utilized as the primary method to identify, analyze, and report patterns within the data. This process involved familiarization with the data through repeated readings of interview transcripts and documents, followed by coding to categorize recurring themes related to ethical decision-making. Codes were then grouped into broader themes aligned with the theoretical framework, such as moral reasoning, ethical

challenges, and organizational influences. This iterative process ensured a comprehensive understanding of the data.

To enhance the rigor of the analysis, a constant comparative method was applied, where data from different sources were cross-examined to identify consistencies and discrepancies. For instance, interview responses were compared with organizational documents and observational notes to validate findings and uncover nuanced insights. NVivo software was employed to facilitate the organization and management of qualitative data, enabling efficient coding and theme development. This analytical approach allowed for a detailed exploration of how auditors navigate ethical dilemmas, ensuring that the findings were grounded in robust and systematic analysis.

The final stage of data analysis involved synthesizing the identified themes to draw meaningful conclusions about the role of professional ethics in auditor decision-making. This synthesis was guided by the theoretical framework, ensuring that the findings were interpreted within the context of Kohlberg's Theory of Moral Development, Rest's Four-Component Model, and other relevant theories. Triangulation of data sources further strengthened the validity of the analysis, while peer debriefing with colleagues ensured that interpretations were unbiased and credible. This meticulous approach to data analysis provided a solid foundation for discussing the study's results.

3.7 Validation and Reliability Assessment

To ensure the validity and reliability of the research findings, a triangulation approach was employed, integrating data from multiple sources, including interviews, organizational documents, and observational field notes. This method allowed for cross-verification of data, enhancing the credibility of the results by identifying consistencies and discrepancies across different datasets. Member checking was also conducted, wherein participants were invited to review their interview transcripts to confirm the accuracy of their responses. This process minimized the risk of misinterpretation and ensured that the findings authentically represented participants' perspectives on ethical decision-making within the auditing context.

Inter-coder reliability was assessed to strengthen the consistency of the thematic analysis. Two independent researchers were involved in coding the qualitative data, and their coding results were compared to identify any discrepancies. A consensus was reached through discussions to resolve differences, ensuring a uniform interpretation of the data. This collaborative approach enhanced the reliability of the coding process and minimized subjective bias. Additionally, the use of NVivo software facilitated systematic coding and organization, further contributing to the consistency and reproducibility of the analysis.

To validate the theoretical alignment of the findings, the identified themes were systematically compared with the constructs outlined in the theoretical framework, including Kohlberg's Theory of Moral Development and Rest's Four-Component Model. This theoretical triangulation ensured that the results were grounded in established ethical decision-making theories, enhancing their validity. Peer debriefing sessions were also conducted with colleagues to critically evaluate the interpretations and conclusions drawn from the data. These measures collectively reinforced the methodological rigor of the study, ensuring that the findings were both reliable and valid.

4. Results

4.1 Integration of Quantitative and Qualitative Findings

The quantitative survey results provided additional support for the themes emerging from the qualitative case study. Descriptive statistics revealed that a majority of auditors (68%) reported facing ethical dilemmas in their work, with client pressure and organizational incentives being the most common sources of conflict. Multiple regression analysis confirmed that organizational culture ($\beta = 0.35$, $p < 0.01$), professional guidelines ($\beta = 0.27$, $p < 0.01$), and moral development ($\beta = 0.42$, $p < 0.001$) were significant predictors of ethical decision-making, corroborating the qualitative findings.

Table 2. Multiple Regression Analysis Predicting Ethical Decision-Making

Predictor	B	SE B	β	t	p
Organizational Culture	0.28	0.07	0.35	4.12	<0.001
Professional Guidelines	0.22	0.08	0.27	2.89	<0.01
Moral Development	0.39	0.06	0.42	6.31	<0.001

Note. $R^2 = 0.46$, $F(3, 246) = 68.42$, $p < 0.001$. B = unstandardized coefficient; SE B = standard error of B; β = standardized coefficient.

ANOVA results indicated significant differences in perceptions of ethical challenges across hierarchical levels, $F(2, 247) = 12.35$, $p < 0.001$, with junior auditors reporting higher levels of difficulty compared to senior auditors and managers. These quantitative findings align with the qualitative theme of junior auditors' vulnerability to ethical pressures.

Mediation analysis revealed that moral development partially mediated the relationship between organizational culture and ethical decision-making (indirect effect = 0.18, 95% CI [0.09, 0.29]), suggesting that a supportive ethical culture fosters moral growth, which in turn enhances ethical behavior. This finding complements the qualitative insights on the interplay between organizational factors and individual moral development.

4.2 Ethical Dilemmas Encountered by Auditors in Practice

The study found that auditors often face ethical dilemmas due to conflicts between professional standards and client expectations. Participants cited instances of clients pressuring them to manipulate financial statements or hide unfavorable information, with junior auditors feeling particularly vulnerable due to their limited authority. These situations forced auditors to balance ethical obligations against risks to client relationships or internal consequences, highlighting the complexity of ethical decision-making.

Another common dilemma involved maintaining independence with long-term clients. Senior auditors noted that familiarity sometimes blurred professional boundaries, complicating impartiality. Organizational incentives tied to client retention further conflicted with ethical responsibilities, emphasizing tensions between business priorities and professional ethics.

Ethical challenges also arose from resource constraints, such as time pressures and limited access to critical information. Tight deadlines often prioritized efficiency over thoroughness, increasing the risk of ethical oversights. Restricted access to key documents hindered auditors' ability to fully evaluate financial statements, forcing decisions based on incomplete data and raising concerns about reliability.

Finally, auditors struggled with ambiguous ethical guidelines and conflicting interpretations of standards. Some expressed frustration over unclear codes, particularly in complex scenarios like revenue recognition or asset valuation. These findings underscored the need for clearer, more practical ethical guidance to help auditors navigate such dilemmas while maintaining professional standards.

5. Discussion

5.1 Impact of Organizational Culture on Ethical Decision-Making

The study revealed that organizational culture significantly influences auditors' ethical decision-making by shaping their perceptions of acceptable behavior. Participants reported that firms with a strong ethical culture, characterized by clear values and consistent enforcement of ethical policies, fostered greater adherence to professional standards. Conversely, in firms where ethical guidelines were inconsistently applied or overshadowed by profit-driven priorities, auditors experienced increased pressure to compromise ethical principles. This finding underscores the critical role of organizational culture in either facilitating or hindering ethical decision-making within the auditing profession.

Senior auditors emphasized that leadership behavior within the firm played a pivotal role in setting the ethical tone. Ethical leadership [8], demonstrated through transparent communication and accountability, encouraged auditors to prioritize integrity in their decisions. However, participants noted that in firms where leaders prioritized financial performance over ethical compliance, auditors felt compelled to align with these priorities to secure career advancement. This dynamic highlighted the influence of leadership on shaping ethical norms and auditors' willingness to uphold them.

The study also identified peer influence as a key component of organizational culture affecting ethical decision-making. Auditors reported that working in teams with colleagues who valued ethical conduct reinforced their commitment to professional standards. Conversely, in environments where unethical practices were normalized or tolerated, auditors felt pressured to conform to group behavior, even when it conflicted with their values. This finding illustrates the reciprocal relationship between individual and collective ethical behavior within organizational settings.

Participants highlighted that organizational incentives, such as performance-based rewards, often created ethical dilemmas by prioritizing efficiency and client satisfaction over compliance with ethical standards. Audit managers acknowledged that such incentives sometimes undermined ethical decision-making by encouraging auditors to overlook potential issues to meet deadlines or retain clients. These insights demonstrate the need for firms to align incentive structures with ethical objectives to support auditors in making principled decisions without compromising their professional responsibilities.

5.2 Role of Professional Guidelines in Shaping Ethical Behavior

The study found that professional guidelines play a pivotal role in shaping auditors' ethical behavior by providing a structured framework for decision-making. Participants emphasized that clear and comprehensive ethical standards, such as those outlined in the International Standards on Auditing (ISA) [6] and the Code of Ethics for Professional Accountants [7], served as critical reference points during ethical dilemmas. These guidelines were particularly valuable in situations involving ambiguous or conflicting interests, enabling auditors to justify their decisions based on established principles, thereby reinforcing their commitment to ethical conduct.

However, the research also revealed that the effectiveness of professional guidelines in influencing ethical behavior depends on auditors' familiarity and alignment with these standards. Junior auditors reported challenges in interpreting complex ethical codes, which occasionally led to uncertainty in applying them to real-world scenarios. Senior auditors highlighted the importance of ongoing training and professional development to bridge this gap, ensuring that all team members possess the requisite knowledge and confidence to adhere to ethical guidelines consistently, even under pressure.

The study further demonstrated that professional guidelines act as a safeguard against external pressures, such as client demands or organizational incentives that may conflict with ethical principles. Participants noted that adherence to these standards provided auditors with a legitimate basis to resist unethical requests, fostering a sense of accountability and integrity. Audit managers emphasized that the explicit nature of professional guidelines helped mitigate subjective judgment, reducing the likelihood of ethical lapses and promoting uniformity in decision-making across the firm.

Despite their significance, participants identified limitations in the practical application of professional guidelines, particularly in complex or novel audit situations. Some auditors expressed concerns that rigid adherence to ethical codes could hinder flexibility and innovation, especially when addressing unique client circumstances. This finding underscores the need for professional bodies to periodically review and update ethical standards to reflect evolving industry challenges, ensuring that guidelines remain relevant and practical while maintaining their foundational role in promoting ethical behavior.

5.3 Influence of Personal Moral Development on Auditor Decisions

The study revealed that personal moral development significantly influences auditors' ethical decision-making, as it shapes their ability to navigate complex ethical dilemmas. Participants with advanced moral reasoning, as described in Kohlberg's post-conventional stage, demonstrated a stronger commitment to ethical principles, even when faced with

external pressures. These auditors prioritized professional integrity over organizational or client demands, reflecting a deep internalization of ethical values. Conversely, those at lower stages of moral development were more susceptible to compromising ethical standards, particularly when under significant time or performance pressures.

Junior auditors, often at earlier stages of moral development, reported challenges in recognizing and addressing ethical conflicts, highlighting the importance of moral sensitivity as outlined in Rest's Four-Component Model. These auditors frequently relied on guidance from senior colleagues or professional standards to navigate ethical dilemmas, indicating a developmental process in ethical decision-making. Senior auditors, with more experience and moral maturity, exhibited greater confidence in identifying and resolving ethical issues, underscoring the role of professional growth in fostering ethical competence.

The findings also emphasized the interplay between personal moral development and organizational culture in shaping ethical behavior. Auditors with higher moral reasoning were more likely to challenge unethical practices within the firm, even in environments with weak ethical cultures. However, those with lower moral development tended to conform to organizational norms, regardless of their ethical implications. This dynamic highlights the need for firms to cultivate an ethical culture that supports auditors at all levels of moral development, enabling principled decision-making across the organization.

Participants noted that professional training and mentorship programs played a critical role in advancing auditors' moral development. Structured ethical training sessions and exposure to real-world case studies helped auditors refine their moral judgment and motivation, aligning their personal values with professional standards. Mentorship from ethically committed senior auditors further reinforced moral character, providing junior auditors with role models for ethical behavior. These findings suggest that targeted interventions can accelerate moral development, enhancing auditors' ability to uphold ethical principles in their decision-making processes.

5.4 Integration of Ethical Considerations in Audit Processes

The study revealed that integrating ethical considerations into audit processes is a multifaceted endeavor influenced by organizational policies, individual moral reasoning, and external pressures. Participants highlighted that ethical considerations were often embedded in the planning phase, where auditors assessed potential conflicts of interest and risks of ethical breaches. Senior auditors emphasized the importance of aligning audit objectives with ethical principles, ensuring that decisions made during the audit process adhered to professional standards. This proactive integration was seen as essential for maintaining the integrity of audit outcomes.

Ethical considerations were also found to play a critical role during the execution phase of audits, particularly in judgment-intensive tasks such as evaluating financial estimates or identifying irregularities. Participants reported that auditors relied on ethical guidelines and professional skepticism to navigate these complex scenarios. However, junior auditors noted challenges in consistently applying ethical principles under time constraints or client pressures, underscoring the need for robust ethical training and mentorship[10] to strengthen their decision-making capabilities during audits.

The study further demonstrated that ethical considerations were integral to the review and reporting phases of the audit process. Audit managers emphasized the importance of ensuring that final reports accurately reflected findings without succumbing to client influence or organizational pressures. Participants noted that adherence to ethical standards during this phase reinforced the credibility of audit conclusions, fostering trust among stakeholders. The findings highlighted that a strong ethical framework within the firm supported auditors in upholding transparency and accountability throughout the audit process.

Despite these efforts, participants identified barriers to the seamless integration of ethical considerations, including ambiguous ethical guidelines and conflicting organizational priorities. Some auditors expressed concerns that rigid adherence to ethical standards could delay audit completion or strain client relationships. These challenges underscored the need for firms to balance ethical imperatives with operational efficiency. Participants suggested that ongoing ethical training, coupled with a supportive organizational culture, could enhance auditors' ability to integrate ethical considerations effectively into all stages of the audit process.

6. Conclusions

The study finds that ethical decision-making among auditors is shaped by individual moral development, organizational culture, and external pressures. Auditors face dilemmas such as client demands, limited resources, and unclear ethical guidelines, which challenge their adherence to professional standards. The research emphasizes fostering an ethical culture within firms through clear values, consistent policy enforcement, and ethical leadership to help auditors prioritize integrity. Addressing these issues requires integrating ethics into all stages of the audit process.

The research highlights the influence of professional guidelines and moral development on auditors' ethical behavior. Standards like the International Standards on Auditing provide a framework, but their effectiveness relies on auditors' ability to apply them practically. Junior auditors benefit from mentorship and ethical training to improve moral judgment, while senior auditors play a key role in guiding ethical decisions, underscoring the importance of continuous development and mentorship.

Organizational incentives and culture also significantly affect auditors' ethical choices. Performance-based incentives can conflict with ethical duties, while peer influence and leadership shape a firm's ethical tone. Aligning incentives with ethical goals and fostering a supportive environment are crucial. Addressing unclear guidelines and resource constraints is also necessary to help auditors manage ethical dilemmas. These findings highlight the need for a comprehensive approach to ethical governance in auditing.

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