

# Ethical Orientation, Situational Factors and Auditors' Ethical Decision Making in Bali: A Moderating Variable of Locus of Controls

## ABSTRACT

**Aims:** This study aims to examine the influence of ethical orientation and situational factors on auditors' ethical decision-making in Bali, with locus of control as a moderating variable.

**Study Design:** A quantitative study using the Partial Least Square (PLS) technique for data analysis.

**Methodology:** The study involved 90 registered auditors, with data collected through structured questionnaires. The research explored how ethical orientations (idealism and relativism), risk preference, current information recency, and moral intensity influence ethical decision-making. The moderating role of locus of control was also assessed.

**Results:** The findings indicate that ethical decision-making is significantly influenced by relativism ethical orientation and moral intensity. Situational factors such as current information recency and risk preference also affect decision-making, with locus of control moderating these relationships. However, locus of control did not influence the relationship between ethical orientations and ethical decision-making.

**Conclusion:** Ethical decision-making among auditors is shaped by both ethical orientations and situational factors, with locus of control playing a moderating role for specific variables.

**Recommendations:**

For Practitioners is the audit firms should implement training programs that address the effects of ethical orientations and situational factors on decision-making, aiming to strengthen ethical awareness and behavior. For Policy-Makers is the Regulatory bodies should establish policies to enhance the understanding and management of situational factors that affect ethical decision-making in auditing. For Future Research is the additional studies should investigate other moderating variables and extend the research to different professional contexts to generalize the findings.

**Keywords:** *Ethical Decisions, Ethical Orientation, Situational Factors, Locus of Control*

## 1. INTRODUCTION

The Republic of Indonesia focuses on tax revenue as a source of income. Given the importance of state revenue from the taxation sector, the Indonesian government continues to make efforts to renew regulations and facilities in the taxation sector (Agasie&Zubaedah, 2022). However, the updates made are often not accompanied by socialization; sony parties feel less understanding, which causes various problems. Company managers can use various methods to deal with this problem, one of which is to use the services of an accountant, especially a public accountant (Mubarak et al., 2019). Public accountants are generally understood as professionals who provide professional services and already have an official license to practice as private accountants independently. According to Law of the Republic of Indonesia No. 3 of 2011, this profession provides services that the wider community can use to assist in making important decisions. According to Meilinawati and Yuliaty (2023), a public accountant is an independent accountant who provides certain accounting services and receives payment for the services they have provided. This profession has quite complex tasks, not only doing numerical calculations but also liaising between the company, its client, and other companies in the business continuity process. Reports made by a public accountant are also critical in analyzing and making future business decisions. Therefore, to carry out this task, a professional is needed.

Sedana et al. (2021) stated that tax consultant services that can be provided to taxpayers include (1) Providing consultation on regulations and procedures to taxpayers related to their tax rights and obligations and (2) Assisting taxpayers who have legal problems in fulfilling their tax rights and obligations. In addition, tax consultants can be representatives or attorneys for taxpayers to exercise their tax rights and obligations by applicable provisions. Efforts to minimize the potential for misunderstandings due to tax disputes between taxpayers and tax authorities are what clients expect from tax consultants to help them fulfill their tax obligations. Tax consultants are an extension of the Director General of Taxes, which is important in the tax structure to socialize tax problems for taxpayers (Sudiartana&Apriada, 2019).

An auditor often experiences an ethical dilemma; on the one hand, one must be able to build good relationships with clients, but on the other hand, one must comply with tax regulations (Goddard & Schmidt, 2021). Auditors must be able to carry out their duties professionally, including when facing complex audit problems within the company that align with the development of the business being run. Ethical decision-making reflects the auditor's decision to comply with the rules and ethical values set out in the tax consultant code of ethics. However, often the decisions taken are not always acceptable to clients as can be seen in a series of financial reporting scandals involving companies and auditors, such as in the case of alleged manipulation of the 2019 annual financial report (LKT) which hit one of the issuers in the field of services and trade in information technology, PT Envy Technologies Indonesia Tbk (ENVY) and its subsidiaries PT Ritel Global Solusi (RGS) in 2019 and PT Hanson International Tbk (MYRX) in 2016 (Christian et al., 2022).

A person who experiences an ethical dilemma situation must make decisions based on professional behavior. This causes the auditor to perform his duties based on the established professional rules. An audit conflict causes an ethical dilemma (Hadi Asri et al., 2020). Ethical orientation can overcome ethical dilemmas. Ethical orientation is related to self-concept and behavior in individuals within a person. Ethical orientation aims to behave professionally and have a moral attitude and applicable values. A person with ethics in working can make a decision taken by the auditor appropriately and well (Sutrasmini&Atmadja, 2021). According to Anjarwati et al. (2023), there are two ethical characteristics in ethical orientation: idealism and relativism. Idealism in auditors in ethics can determine an ethical decision that has been made. In maintaining idealism, there is an ethic that has produced good decisions by applicable regulations. Relativism, which has a high level of motivation, will motivate auditors to carry out dysfunctional behavior.

Dysfunctional behavior will motivate ethics towards the decisions taken. If you have this behavior, the decisions taken will be free from ethical values for the benefit of one of the interested parties. This relativistic attitude can affect the auditor's ethics in carrying out their duties. Ethical decision-making is influenced not only by individual factors but also by situational factors. Situational factors consist of risk preferences, information recency, and moral intensity. Risk preference is one of the characteristics of a person which will influence their behavior. The tendency to take risks is one aspect that influences decision-making. The risk preferences of each tax consultant are different. The higher a person is willing to make risky decisions, the less ethical decisions there are. The recency of information has a significant influence on tax consultants' ethical decision-making. The recency of information influences ethical decision-making (Singh et al., 2023). There is a difference in ethical decision-making between tax consultants who have the latest information on taxation and those who do not. This is because the more consultants know the latest tax regulations, the more they will understand the legal risks. Tax consultants only need to form substantial personality factors to avoid ethical decision-making. So, situational factors such as current information will later be controlled if these personality factors are strongly formed. Moral

intensity is a construct that includes characteristics that are an extension of issues related to moral imperatives in a situation.

Moral intensity is something related to moral issues that will affect a person's ethical assessment and intention for someone to do something (Suh & Shim, 2020). Individuals who consider that the moral intensity of a situation is low will not feel that there is an ethical problem with the situation. Individuals will act or behave according to their attitude towards a behavior. Individuals will identify the exact measure of good or bad behavior that will be carried out. This control can also be influenced by internal and external factors of the individual; internal factors are the individual, while external factors are the environment in which the individual is located (Valentine & Godkin, 2019).

Research related to the orientation of ethical idealism conducted by Oboh (2019) and Harmana (2021) obtained results that the orientation of ethical idealism has a positive effect on ethical decision-making. Latif and Sahla (2018) showed that the orientation of ethical idealism was not proven to be negatively related to ethical decisions. Research related to the orientation of ethical relativism conducted by Oboh (2019) obtained results that the orientation of ethical relativism has a negative effect on ethical decision-making. This study uses locus of control as a moderating variable. According to Soleh et al. (2020), locus of control is an individual's belief regarding the source of the cause of events experienced in his life. A person can believe that he can manage his life and have confidence in the factors of fate, luck, or opportunity that can affect his life. Locus of control is a source of the belief that he can control the events that occur in his life, or control over the events that occur in his life comes from other things that make him able to accept responsibility or not for his actions. Locus of control is a moderating variable because it is a factor that can strengthen or weaken an auditor's ethical orientation, the risk preferences chosen by an auditor, and the currentness of the information owned by an auditor will undoubtedly be more helpful if he has an exemplary locus of control, and moral intensity influenced by locus of control. Achyarsyah and Sabilah (2024) examined the complexity of audits and how time budget pressure, job stress, and dysfunctional audit behavior impact auditors. They found that these factors contribute to the challenges auditors face, leading to lower audit quality and potential ethical lapses. Defiantoro and Mayasari (2024) explored the personal factors affecting whistleblowing among public sector employees, showing that individual characteristics and organizational culture play significant roles in influencing whistleblowing behavior. Fauzi et al. (2024) focused on the role of auditor independence, professionalism, skepticism, and organizational culture on auditor performance, finding that a strong organizational culture and professional skepticism enhance auditor performance. Abimanyu, Martini, and Indriasari (2024) summarized the factors influencing audit judgment, highlighting the importance of auditor experience, task complexity, professional skepticism, and goal orientation in shaping audit decisions. Lastly, Rohma and Khoirunnisa (2024) discussed the effects of knowledge sharing, self-efficacy, and performance, suggesting that structured leadership initiation positively influences employee performance and knowledge-sharing behaviors. These studies collectively emphasize various personal, organizational, and situational factors that influence auditors' behaviors, decision-making, and performance.

Ethical decision-making plays a crucial role in ensuring accountability and integrity in the auditing profession. However, the complexities of modern audit environments present challenges for auditors in maintaining ethical standards. Situational factors such as risk preference, current information recency, and moral intensity, combined with personal ethical orientations like idealism and relativism, significantly influence ethical decision-making. While previous studies have explored these factors, the role of locus of control as a moderating variable remains insufficiently addressed.

The lack of clarity regarding how ethical orientations interact with situational factors and locus of control creates a critical gap in understanding auditors' ethical decision-making processes. For instance, individuals with low moral intensity may fail to recognize ethical

dilemmas, potentially leading to unethical behavior. Furthermore, internal and external factors, such as personal beliefs and environmental influences, play a pivotal role in shaping ethical judgments. Despite existing research highlighting these aspects, inconsistencies in findings regarding ethical idealism and relativism warrant further investigation.

**Problem Statement:** Auditors face increasing ethical challenges due to diverse situational and personal factors, yet the mechanisms through which these factors interact, particularly the moderating role of locus of control, remain unclear. This study addresses the gap by examining how ethical orientations (idealism and relativism) and situational factors influence ethical decision-making, with locus of control as a moderating variable.

**Research Questions:**

1. How do ethical orientations (idealism and relativism) influence auditors' ethical decision-making?
2. How do situational factors such as risk preference, current information recency, and moral intensity impact ethical decision-making?
3. What is the moderating role of locus of control in the relationship between ethical orientations, situational factors, and ethical decision-making?

**Objectives:**

1. To analyze the impact of ethical orientations (idealism and relativism) on ethical decision-making.
2. To evaluate the effects of situational factors (risk preference, current information recency, and moral intensity) on ethical decision-making.
3. To assess the moderating role of locus of control in strengthening or weakening these relationships.

**Hypotheses:**

1. Ethical idealism positively influences ethical decision-making.
2. Ethical relativism negatively influences ethical decision-making.
3. Risk preference, current information recency, and moral intensity significantly affect ethical decision-making.
4. Locus of control moderates the relationship between ethical orientations, situational factors, and ethical decision-making.

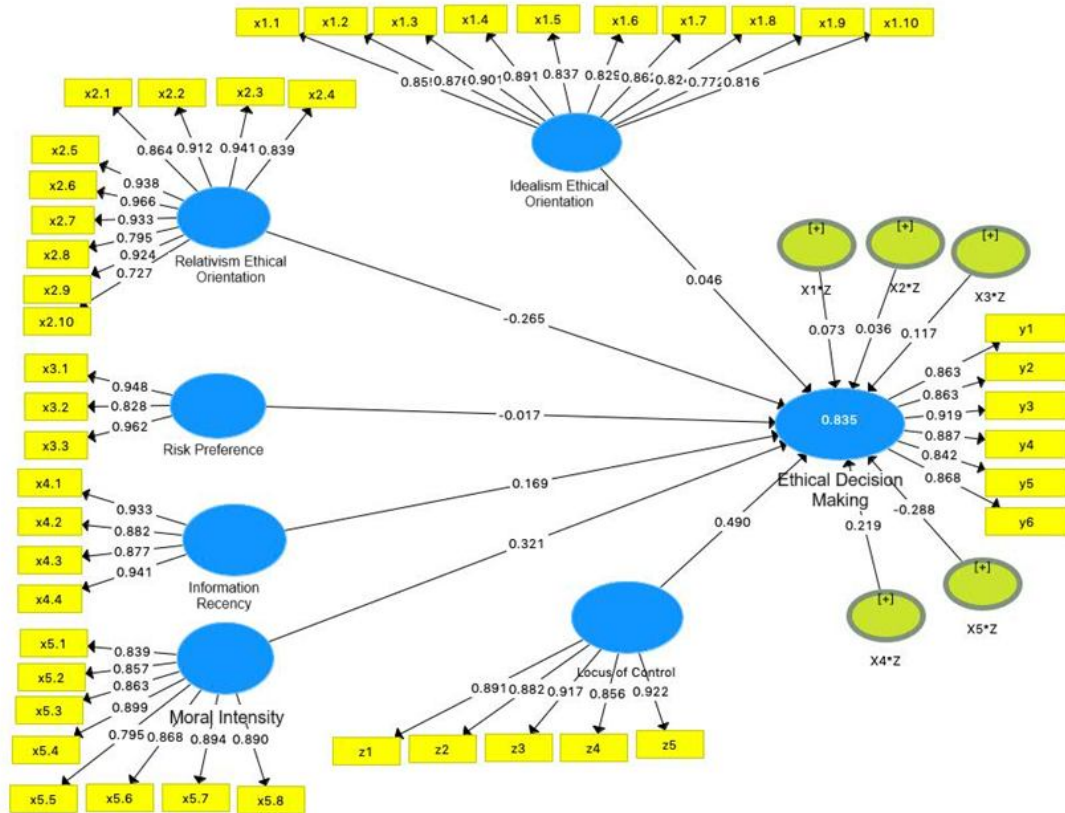
By addressing these questions and objectives, this study aims to provide insights into enhancing ethical standards in auditing practices, bridging the gap in existing research, and contributing to the development of more robust ethical decision-making frameworks for auditors.

## 2. METHODOLOGY

The location of this study is a Public Accounting Firm in Bali Province. This public accounting firm is a member of the Indonesian Institute of Public Accountants and has been registered in the Indonesian Public Accounting Firms directory. In this study, the objects of research are the variables of ethical decision-making (Y), risk preference (X1), information recency (X2), and auditor moral intensity (X3) with locus of control as a moderating variable (Z) at Public Accounting Firms (PAF) in Bali Province. The subjects to be studied are all auditors (partners, managers, senior auditors, junior auditors) who work at each PAF. The population in this study are all auditors in Bali Province and are registered in the Indonesian Institute of Public Accountants (IAPI) directory, with as many as 90 people. In this study, the sampling technique is saturated sampling or census method, in which all population members are used as samples. So, the number of samples used in this study is 90 people. The data collection method used in this study is a survey using a data collection technique through a questionnaire. The hypothesis testing method used in this study uses the Partial Least Square (PLS) approach.

### 3. RESULTS AND DISCUSSION

Outer model testing is a concept and research model that cannot be tested in a relational and causal relationship prediction model if it has not passed the verification stage in the measurement model. This study uses data analysis tests that can be done using outer model testing, which consists of two parts: validity and reliability tests.



Source: Processed data, 2024

Figure 1 Model Evaluation

The results of the analysis in Figure 1 show that all indicators have a loading factor value of more than 0.70, so they are all valid.

Table1. Discriminant Validity

No.	Variables	$\sqrt{AVE}$
1.	Idealism Ethical Orientation (X1)	0,847

2.	Relativism Ethical Orientation (X2)	0,887
3.	Risk Preference (X3)	0,915
4.	Information Recency (X4)	0,909
5.	Moral Intensity (X5)	0,864
6.	Locus of Control (Z)	0,894
7.	Ethical Decision Making (Y)	0,874

Source: Processed data, 2024

Table 1 shows that the Fornell-Larcker value for each construct in the correlation between latent variables has a value of >0.50, meaning that all variables have met the feasibility of the Fornell-Larcker evaluation model. Another discriminant validity test is a method of assessing the validity of the variables from the average variance extracted (AVE) value. The model is likely good if the AVE of each variable is more significant than 0.50. The output results can be seen in Table 2

**Table 2. Results of Average Variance Extracted Calculation (AVE)**

	<i>Average Variance Extracted (AVE)</i>
X <sub>1</sub> .Z	1,000
X <sub>2</sub> .Z	1,000
X <sub>3</sub> .Z	1,000
X <sub>4</sub> .Z	1,000
X <sub>5</sub> .Z	1,000
X1 (Idealism Ethical Orientation)	0,718
X2 (Relativism Ethical Orientation)	0,787
X3 (Risk Preference)	0,837
X4 (Information Recency)	0,826
X5 (Moral Intensity)	0,746
Y (Ethical Decision Making)	0,799
Z (Locus of control)	0,764

Source: Processed data, 2024

Table 2 above shows that the Average Variance Extracted (AVE) value in this study has good results in each indicator value above 0.5. Thus, the Average Variance Extracted (AVE) value meets the criteria. The results of all validity tests in the outer model by assessing convergent validity, discriminant validity, and AVE values show that all indicators are valid.

**Table 3. Reliability Test results**

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
X <sub>1</sub> .Z	1,000	1,000
X <sub>2</sub> .Z	1,000	1,000
X <sub>3</sub> .Z	1,000	1,000
X <sub>4</sub> .Z	1,000	1,000
X <sub>5</sub> .Z	1,000	1,000
X <sub>5</sub> .Z	0,956	0,962
X1 (Idealism Ethical Orientation)	0,982	0,973
X2 (Relativism Ethical Orientation)	0,901	0,939
X3 (Risk Preference)	0,929	0,950
X4 (Information Recency)	0,951	0,959
X5 (Moral Intensity)	0,937	0,952
Y (Ethical Decision Making)	0,938	0,951

*Source: Processed data, 2024*

The output results of composite reliability and Cronbach's alpha of the variables of the ethical orientation of idealism, the ethical orientation of relativism, risk preference, recency of information, locus of control, and ethical decision-making are all above 0.70. Thus, it can be explained that all variables are reliable.

**Table 4 Goodness of Fit Test Results**

<b>Variables</b>	<b>R Square</b>	<b>Average Extracted (AVE)</b>	<b>Variance</b>
X <sub>1</sub> .Z		1,000	
X <sub>2</sub> .Z		1,000	
X <sub>3</sub> .Z		1,000	
X <sub>4</sub> .Z		1,000	
X <sub>5</sub> .Z		1,000	
X <sub>5</sub> .Z		0,718	
X1 (Idealism Ethical Orientation)		0,787	
X2 (Relativism Ethical Orientation)		0,837	
X3 (Risk Preference)		0,826	
X4 (Information Recency)		0,746	
X5 (Moral Intensity)		0,799	
Y (Ethical Decision Making)		0,764	
Rata-Rata	0,835	0,873	

Source: Processed data, 2024

Table 4 shows the average value of R Square is 0.835, then the average communality value is 0.873, so the Goodness of Fit calculation results are as follows.:

$$\text{GOF} = \sqrt{\text{Communality} \times R^2}$$

$$\text{GOF} = \sqrt{0,873 \times 0,8354} = 0,854$$

A GoF value of 0.3 is considered significant, a GoF value of 0.25 is moderate, and a GoF value of less than 0.25 is considered negligible (Hair, 2017). A model that has a considerable GoF value means that it is more appropriate for describing the research sample. Based on the Goodness of Fit (GoF) calculation above, a GoF value of 0.8564 was obtained, so it can be concluded that the model used in this study has a relatively large research model suitability (Hair, 2017).

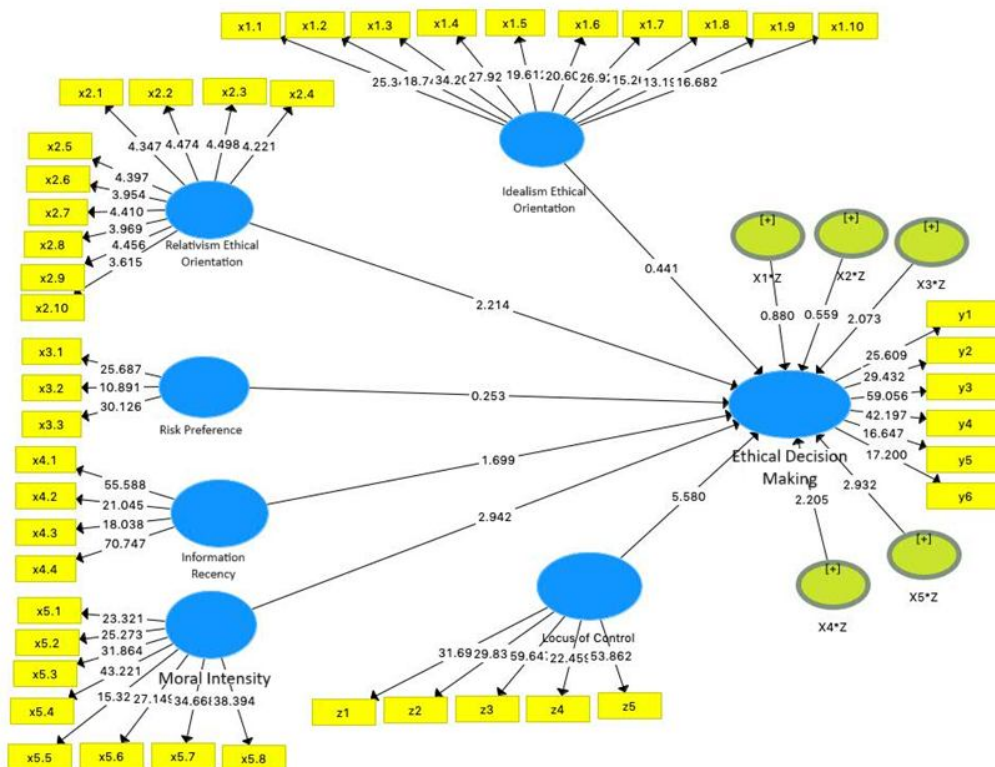


**Table 5. Results of R-Square Determination Coefficient (R<sup>2</sup>)**

	<i>R Square</i>	<i>R Square Adjusted</i>
Y (Ethical Decision Making)	0,835	0,811

Source: Processed data, 2024

Based on Table 5, it is known that the influence model of the ethical orientation of idealism (X1), the ethical orientation of relativism (X2), risk preference (X3), recency of information (X4), moral intensity (X5), locus of control (Z), interaction X1.Z, interaction X2.Z, interaction X3.Z, interaction X4.Z, and interaction X5.Z on ethical decision making provides an R-square value of 0.403 which can be interpreted that the variability of ethical decision making variables can be explained by the variables of ethical orientation of idealism (X1), ethical orientation of relativism (X2), risk preference (X3), recency of information (X4), moral intensity (X5), locus of control (Z), interaction X1.Z, interaction X2.Z, interaction X3.Z, interaction X4.Z, and interaction X5.Z of 83.5 percent, while other variables outside those studied explain 16.5 percent.



**Figure 2 Diagram of Hypothesis Testing**

Source: Processed data, 2024

**Table 6. Hypothesis Testing of results**

	<b>Original Sample (O)</b>	<b>t Statistics ( O/STDEV )</b>	<b>P Values</b>	<b>Information</b>
X1 -> Y	0,046	0,441	0,659	Not Significant
X2 -> Y	-0,265	2,214	0,027	Significant
X3 -> Y	-0,017	0,253	0,801	Not Significant
X4 -> Y	0,169	1,699	0,090	Significant
X5 -> Y	0,321	2,942	0,003	Significant
Z -> Y	0,490	5,580	0,000	Not Significant
X1*Z -> Y	0,073	0,880	0,379	Significant
X2*Z -> Y	0,036	0,559	0,576	Significant
X3*Z -> Y	0,117	2,073	0,039	Not Significant
X4*Z -> Y	0,219	2,205	0,028	Significant
X5*Z -> Y	-0,288	2,932	0,004	Significant

Source: Processed data, 2024

Information:

X1 : Idealism Ethical Orientation

X2 : Relativism Ethical Orientation

X3 : Risk Preference

X4 :Information Recency

X5 :Moral Intensity

Y :Ethical Decision Making

Z :Locus of control

### 3.1 Ethical Orientation of Idealism and Ethical Decision-Making

Hypothesis testing on the influence of ethical orientation idealism (X1) on ethical decision-making revealed a correlation coefficient (Original Sample) of 0.046, with a t-statistic of 0.441 and a p-value of 0.659 ( $p > 0.05$ ). This indicates a positive but statistically insignificant relationship, leading to the rejection of the first hypothesis (H1), which posited that ethical orientation idealism positively influences ethical decision-making. These findings suggest

that an auditor's level of ethical idealism does not significantly influence their ethical decision-making process. This result contradicts behavioral decision theory, which emphasizes the situational and psychological factors influencing decision-making. It aligns with the findings of Gustini (2016), who reported no significant relationship between idealism and ethical decision-making.

### **3.2 Ethical Orientation of Relativism and Ethical Decision-Making**

The effect of ethical orientation relativism (X2) on ethical decision-making yielded a correlation coefficient of -0.265, a t-statistic of 2.214, and a p-value of 0.027 ( $p < 0.05$ ). This confirms a significant negative relationship, validating the second hypothesis (H2). The results indicate that higher levels of ethical relativism among auditors are associated with more unethical decision-making. This supports behavioral decision theory and aligns with Oboh's (2019) findings, which demonstrated a negative effect of relativism on ethical decision-making. The findings highlight the risk posed by relativistic attitudes in professional ethics, emphasizing the need for clear ethical frameworks to mitigate potential ethical lapses.

### **3.3 Risk Preferences and Ethical Decision-Making**

Hypothesis testing on the impact of risk preferences (X3) produced a correlation coefficient of -0.017, with a t-statistic of 0.253 and a p-value of 0.801 ( $p > 0.05$ ). These results indicate a negative but statistically insignificant relationship, leading to the rejection of the third hypothesis (H3). This suggests that an auditor's risk preferences do not significantly influence ethical decision-making. These findings are inconsistent with behavioral decision theory but align with Kusuma (2016), who reported a similar lack of significance. This indicates that while risk-taking tendencies might shape decision-making in other contexts, they are not a decisive factor in ethical decision-making within auditing.

### **3.4 Recency of Information and Ethical Decision-Making**

The relationship between recency of information (X4) and ethical decision-making showed a correlation coefficient of 0.169, a t-statistic of 1.699, and a p-value of 0.090 ( $p > 0.05$ ). This indicates a positive but statistically insignificant effect, leading to the rejection of the fourth hypothesis (H4). These findings suggest that the availability of updated information does not significantly influence an auditor's ethical decisions. This result contradicts behavioral decision theory but is consistent with studies by Adriana (2014) and Muliartini and Jati (2019), who also found no significant relationship. This suggests that while updated information is valuable, other factors may play a more critical role in ethical decision-making.

### **3.5 Moral Intensity and Ethical Decision-Making**

The analysis of moral intensity (X5) revealed a correlation coefficient of 0.321, with a t-statistic of 2.942 and a p-value of 0.003 ( $p < 0.05$ ). This indicates a significant positive relationship, supporting the fifth hypothesis (H5). The findings suggest that higher moral intensity among auditors leads to more ethical decision-making. This is consistent with behavioral decision theory and supported by studies from Riantika (2021) and Indriasih (2021). These results highlight the critical role of moral intensity in enhancing ethical awareness and guiding ethical decisions.

### **3.6 Moderation by Locus of Control**

- **Ethical Orientation Idealism (X1.Z):** The interaction between ethical orientation idealism and locus of control produced a correlation coefficient of 0.073, with a t-

statistic of 0.880 and a p-value of 0.379 ( $p > 0.05$ ). This indicates no significant moderating effect, rejecting the sixth hypothesis (H6). The results suggest that locus of control does not amplify or weaken the effect of ethical idealism on decision-making. This finding contrasts with behavioral decision theory, indicating that individual locus of control may not always interact meaningfully with idealism in ethical contexts.

- **Ethical Orientation Relativism (X2.Z):** The interaction between ethical orientation relativism and locus of control yielded a correlation coefficient of 0.036, a t-statistic of 0.599, and a p-value of 0.576 ( $p > 0.05$ ). This finding rejects the seventh hypothesis (H7), suggesting that locus of control does not significantly moderate the relationship between relativism and ethical decision-making. This underscores the independent predictive value of relativism as a determinant of ethical decision-making.
- **Risk Preferences (X3.Z):** The interaction of risk preferences with locus of control produced a correlation coefficient of 0.017, a t-statistic of 2.073, and a p-value of 0.039 ( $p < 0.05$ ). This confirms a significant moderating effect, supporting the eighth hypothesis (H8). The moderation is classified as pure, where risk preferences alone were not significant, but the interaction with locus of control revealed a significant effect. These findings align with behavioral decision theory, suggesting that locus of control significantly influences how risk preferences shape ethical decisions.
- **Recency of Information (X4.Z):** The interaction of recency of information and locus of control yielded a correlation coefficient of 0.219, a t-statistic of 2.205, and a p-value of 0.028 ( $p < 0.05$ ). This supports the ninth hypothesis (H9), indicating a significant moderating effect. The results suggest that while recency of information alone may not significantly influence ethical decision-making, its combination with locus of control enhances its relevance. This aligns with behavioral decision theory.
- **Moral Intensity (X5.Z):** The interaction between moral intensity and locus of control revealed a correlation coefficient of -0.288, a t-statistic of 2.932, and a p-value of 0.004 ( $p < 0.05$ ). This confirms a significant moderating effect, validating the tenth hypothesis (H10). The findings highlight that locus of control enhances the role of moral intensity in promoting ethical decision-making. This supports behavioral decision theory, emphasizing the interplay between personal traits and situational factors in shaping ethical behavior.

#### 4. CONCLUSION

Based on the results of the analysis in the discussion of the previous chapters, it can be concluded that the idealism ethical orientation has a positive effect on the auditor's ethical decision making, the relativism ethical orientation has a negative effect on the auditor's ethical decision making, the risk preference has a negative effect on the auditor's ethical decision making, the recency of information has a positive effect on the auditor's ethical decision making, the moral intensity has a positive effect on the auditor's ethical decision making, the locus of control cannot moderate the effect of the idealism ethical orientation on the auditor's ethical decision making, the locus of control cannot moderate the effect of the relativism ethical orientation on the auditor's ethical decision making, the locus of control can moderate the effect of risk preference on the auditor's ethical decision making, the locus of control can moderate the effect of the recency of information on the auditor's ethical decision

making, the locus of control can moderate the effect of moral intensity on the auditor's ethical decision making.

Based on the conclusion, the recommendations that can be conveyed is that auditors should pay attention to the idealism and relativism ethical orientations they have and pay attention to situational factors such as risk preferences, recency of information, and moral intensity in order to create decision making that takes ethics into account. For auditors, it is recommended to pay attention to decision-making at each level of the organization to avoid making mistakes that may result in risks that should not occur. Likewise, it is important to constantly update information, especially regarding the latest accounting standards for auditors, so that they not only side with the interests of clients but also pay attention to the interests of the community because development requires funds, most of which come from taxes. For further research, other variables can be found that influence auditors' ethical decision-making. Further research can also look for things that auditors can use to resolve ethical problems, such as applying Karmaphala.

#### **Disclaimer (Artificial intelligence)**

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

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