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**DOI:** [10.22219/jrak.v13i2.26537](https://doi.org/10.22219/jrak.v13i2.26537)

**Citation:**

Islamiati, H., Anzib, N., & Ariani, N, E. (2023). Unravelling The Auditors' Dilemma: Ethics Or Money? A Case Of Indonesia Auditors. *Jurnal Reviu Akuntansi Dan Keuangan*, 13(2), 316-332.

**Article Process**

**Submitted:**

May 30, 2023

**Reviewed:**

June 26, 2023

**Revised:**

August 21, 2023

**Accepted:**

August 23, 2023

**Published:**

August 31, 2023

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P-ISSN: 2615-2223

E-ISSN: 2088-0685

Article Type: Research Paper

## UNRAVELLING THE AUDITORS' DILEMMA: ETHICS OR MONEY? A CASE OF INDONESIA AUDITORS

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### ABSTRACT

**Purpose:** *This study aims to examine several influencing factors of auditors' behavior in ethical dilemma situations and whether auditor behavior in ethical dilemmas is driven by the love of money*

**Methodology/Approach:** *This study populations are all external auditors in Indonesia period 2019 with 282 auditors as samples. Partial Least Squares analysis (PLS) was used to analyze the data obtained.*

**Findings:** *This study reveals that in an ethical dilemma situation, experience and level of education do not affect auditor behavior. However, idealism and love of money affect auditor behavior. While an auditor's experience increases the love of money, the more experienced an auditor is, the lower the level of love of money is. In dilemma situations, the love of money mediates the effect of education and experience on ethical behavior. Excessive love for money can arise through the process of socialization that is obtained and maintained in life.*

**Practical implications:** *These findings prove that love of money mediate the relationship between the influencing factor of auditor's behavior*

**Originality/value:** *The novelty of this study lies in love of money as intervening variable on the relationship between the influencing factor of auditor's behavior in ethical dilemma situations which has never been done in previous research.*

**KEYWORDS:** *Auditor Behavior; Ethical Dilemma; Experience; Idealism; Level of Education; Love of Money.*

## ABSTRAK

**Tujuan Penelitian:** Tujuan studi ini adalah untuk mengkaji beberapa faktor yang mempengaruhi perilaku auditor pada situasi dilema etika dan apakah cinta uang menjadi penyebab perilaku auditor dalam situasi dilema etika.

**Metode/pendekatan:** Populasi studi mencakup auditor eksternal Indonesia secara keseluruhan pada periode 2019 dengan total sampel sebanyak 282 auditor. Analisis data dilakukan menggunakan teknik analisis *Partial Least Square* (PLS).

**Hasil:** Temuan studi memperlihatkan bahwa perilaku auditor tidak dipengaruhi oleh pendidikan dan pengalaman seorang auditor dalam situasi dilema etika. Namun, idealisme dan cinta uang mempengaruhi perilaku auditor. Sementara pengalaman seorang auditor meningkatkan kecintaan terhadap uang, semakin berpengalaman seorang auditor, semakin rendah tingkat kecintaannya terhadap uang. Dalam perspektif ini, auditor tidak lagi hanya melihat uang yang mampu merepresentasikan prestasi, rasa hormat, serta kekuasaan akan pekerjaannya. Selanjutnya, kecintaan terhadap uang memediasi pengaruh pendidikan serta pengalaman auditor pada perilaku etis dalam situasi dilematis. Kecintaan terhadap uang yang berlebihan dapat muncul pada proses sosialisasi yang diperoleh serta dijaga dalam kehidupan.

**Implikasi praktik:** Hasil penelitian menunjukkan bahwa *love of money* mampu menjadi variabel mediasi hubungan faktor yang mempengaruhi perilaku auditor dalam situasi dilema etika

**Orisinalitas/kebaruan:** Kebaruan penelitian ini terletak pada penggunaan *love of money* sebagai variabel intervening pada hubungan faktor yang mempengaruhi perilaku auditor dalam situasi dilema etika.

**KATA KUNCI:** Dilema Etika; Cinta Uang; Idealisme; Pengalaman; Perilaku Auditor; Tingkat Pendidikan.

## INTRODUCTION

Public trust in the accounting profession has declined, both in terms of job relevance and in the process of financial reporting. Companies with low levels of accountant ethics may experience financial difficulties or even bankruptcy due to unethical accounting practices and inappropriate financial reporting (Maggalatta & Adhariani, 2020). For this reason, the regulator proposed a number of improvements to financial reporting, disclosure requirements, audit practices, corporate governance of public companies, and accounting self-regulatory standards. These recommendations included changes to more professional behavior.

The phenomenon shows that not a few corporate fraud scandals are caused by various interests and are associated with auditors and public accounting firms. Conflicts of interest and discrepancies between decisions and ethical principles make auditors experience ethical dilemmas (Marlina et al., 2017). A dilemma is a situation that requires you to decide between various options (Sharma, 2017). Situations of ethical dilemmas can cause and allow auditors not to be objective and independent. The auditor's involvement in various fraud cases was due to not properly applying the principles of professional ethics when faced with a dilemma, which resulted in an unavoidable threat to the accounting profession.

The Garuda Indonesia case in 2019 resulted in the issuance of sanctions against KAP Tanubrata Sutanto Fahmi Bambang & Partners. There are allegations of audits that are not following accounting standards are the cause of the issuance of sanctions. This case reflects that ethical principles have not been properly implemented because they do not comply with existing regulations or standards (Uli, 2019)

Indications of violations committed by public accountants against PT. Tiga Pilar Sejahtera Tbk 2017 financial statements. This discovery made the KAP and the Public Accountant who audited the financial statements received sanctions from regulators in the form of warnings and freezing of professional practice licenses if proven to have violated the principles of independence and confidentiality from investigative audits ([www.cnbcindonesia.com](http://www.cnbcindonesia.com)), and various cases of violations and fraud committed by public accounting firms such as KAP Purwantono, Sungkoro was also proven to have violated the Capital Market Law and the Public Accountant Professional Code of Ethics, namely inflating the income of PT Hanson Internasional Tbk's 2016 financial statements ([www.cnbcIndonesia.com](http://www.cnbcIndonesia.com)), and the Garuda case, which involved a partner at KAP Osman Bing Satrio-Deloitte, proven to have committed a violation because it did not fully follow the Auditing Standards (SA) – Public Accountant Professional Standards (SPAP). An accountant's ethical conduct is necessary for the profession's integrity and credibility. The issue of ethics in accounting and financial practices is very crucial because there have been many financial scandals involving large companies and renowned public accounting figures (Maggalatta & Adhariani, 2020).

Several studies have shown that fraud cases involving accountants are caused because auditors experiencing ethical dilemmas. Research conducted by (Hayuningtyas, 2014) shows that ethical understanding, which consists of organizational ethical values and ethical orientation, auditor's commitment to professionalism, and experiences significantly affect auditor ethical decisions in ethical dilemma situations. The decision taken by the auditor when in an ethical dilemma situation is an unethical action or behavior. Likewise, research conducted by Uli et al (2016) shows experience influences auditor behavior when in an audit conflict situation. Conversely, other studies suggest that challenges in adhering to principles and ethical codes do not solely originate from internal factors. External factors, such as financial incentives, organizational culture (Ahinful et al., 2017), and deficiencies in governance infrastructure (Kaur et al., 2022), also assume a significant role in precipitating ethical dilemmas for auditors, leading to potential misconduct.

The condition of the auditor's ethical dilemma in several studies is associated with the love of money (Harun, 2016)(Sipayung & Cahyonowati, 2015)(Diana, 2017). Love of money is a measure of an individual's level of love for money (Tang, 1992), love of money is also the thing that has the most impact on the motivation and behavior of an individual in an organization. Meanwhile, several studies have explained the relationship between the love of money and the level of education, socioeconomic status, and experience (Maggalatta &

Adhariani, 2020) (Istiariani et al., 2020). The results show that the level of education, socioeconomic status, and experience have a significant positive influence on the love of money. The higher the level of education and experience possessed, the higher the love of money.

Love of money shows a significant negative effect on ethical perceptions. Sipayung & Cahyonowati (2015) and Diana (2017) demonstrate that the love of money significantly influences ethical perceptions. High ethical perceptions indicate individuals possessing elevated moral values, thereby engaging in virtuous actions consistent with principles and norms to fulfill their financial needs. However, research conducted by (Arshinta et al., 2017) shows that the love of money has no significant negative effect on the auditor's ethical behavior. Love of money can have a negative impact on auditor ethics (Harun, 2016).

This study aims to examine the effect of experience, idealism, and educational level on auditor behavior in ethical dilemma situations by making love of money an intervening variable. This study also provides contributions and input to the world of public accounting so that it can improve and evaluate ethical awareness and behavior in audit assignments.

The novelty in this research lies in the introduction of love of money as an intervening variable in the context of ethical decision-making within auditor behavior research. Previous researchers have extensively studied various aspects of auditor behavior in ethical dilemma situations often focusing on personal, social, and organizational factor (Johari et al., 2019) (Sahla & Iryanie, 2018) (Elias & Farag, 2010). However, the role of love of money as intervening variable has not been thoroughly explored. Previous research on the relationship between love of money and ethical decision-making has primarily focused on using love of money as either an independent or dependent variable. Elias & Farag (2010) examined the relationship between accounting students' love of money and their ethical perception. They found that money worshippers were more accepting of unethical business behavior, while money repellants had better ethical attitudes. This study used love of money as an independent variable and ethical perception as the dependent variable. Johari et al. (2019) used moral intensity as intervening variable to assess auditor ethical decision-making. The study found that auditors with strong ethical orientation relativism demonstrated undesirable ethical decision-making processes, and low moral intensity led to inappropriate ethical decision-making processes and behavior.

This study address the gap by investigating how love of money might affect the relationship between experience, idealism, educational level, and auditor behavior in ethical dilemma situations and involving all external auditors registered in the IAPI Indonesia directory as respondents.

It is crucial to address this topic due to to the fact that excessive obsession or desire for money can lead to a tendency for unethical behavior by auditors. This arises from conflicts of interest, thereby tempting auditors to either withhold or overlook inaccuracies within financial statements, either in exchange for financial remuneration from clients or to attain financial incentives, consequently undermining their role as auditors and compromising their professional integrity.

The auditor's behavior when in an ethical dilemma situation is when they face the choice to take an action accompanied by reasons not to take that action. There are not a few that must be considered by the auditor when carrying out audit activities so auditors are often faced with conflicting circumstances (Lubis, 2017). This is because an auditor in carrying out the audit process represents many inherent conflicts of interest.

In many research, conflicts that occur among auditors are because auditors tend to try to maintain their professionalism (Putri & Pratiwi, 2021) (Doozandeh et al., 2022) (Arabyarmohamadi et al., 2022) (Hoseininasab et al., 2020) which is a form of auditor behavior when the party being audited/client defends their wishes or their institution. Conflicts are more common in accounting professional organizations than in accountants who work in business organizational environments.

Professional accountants must adhere to the code of ethics, demonstrating integrity, objectivity, competence, confidentiality, and professional conduct so that they are not trapped in ethical dilemma situations. The principles and values of professional ethics prevent conflicts and ethical dilemmas for auditors.

The experience of an auditor can further develop in line with the increase in audit experience, supervision, and evaluation of a senior accountant (Hayuningtyas, 2014). More experienced auditors usually have better ethics in decision-making (Mustika & Jati, 2017).

The attribution theory by Heider (1958) suggests that individuals tend to attribute the causes of behavior to either internal factors (such as personal characteristics or abilities) or external factors (such as situational factors or environmental influences). In the context of auditors facing ethical dilemmas, their experience can shape their attributions and subsequently influence their behavior.

Previous researches show that experience influences auditor behavior in ethical dilemma situations. Hayuningtyas (2014) supports that audit experience influences the auditor's ethical decisions. Auditors who have more/longer work experience are not related to ethical decision-making in ethical dilemma situations. Experienced individuals have different ways of thinking than less experienced individuals, experienced individuals are more detailed, complete, and sophisticated in thinking.

Experienced auditors may have encountered similar ethical dilemmas in the past and have developed strategies and decision-making processes based on their previous experiences. This experience can influence their attributions of the causes of behavior in ethical dilemma situations, leading to more informed and ethical decision-making. By considering the lessons learned from previous encounters with ethical dilemmas, experienced auditors may exhibit a higher level of ethical sensitivity and make more informed and ethical decisions.

#### ***H<sub>1</sub>: Experience influences the auditor's behavior in ethical dilemma situations***

There are two components in ethical ideology or ethical orientation, namely idealism and relativism (Forsyth, 1980). Idealism refers to the belief in inviolate, universal moral principles that guide ethical judgments and decision-making. Individuals with an idealistic ethical orientation prioritize moral principles over personal values or situational factors when making ethical decisions.

Idealism prioritizes that every action taken by an individual must always be under the prevailing values and morals, when the auditor is required to choose to maintain idealism, it will produce good ethics by the rules of values and norms that apply (Widiastuti & Nugroho, 2015). This is supported by Mustika & Jati (2017) that idealism positively affects auditor ethics, which implies that the more an auditor has an attitude of idealism, the better the ethics possessed by the auditor. Johari et al. (2019) also found that auditors with a strong ethical orientation of idealism demonstrated more desirable ethical decision-making processes.

These findings suggest that auditors with an idealistic ethical orientation are more likely to prioritize universal moral principles and make ethical decisions based on ethical

considerations rather than personal values or situational factors. Idealism may lead auditors to adopt a more principled approach to ethical dilemmas, considering the broader ethical implications and societal norms.

***H<sub>2</sub>: Idealism influences the auditor's behavior in ethical dilemma situations***

Kohlberg's theory states that individuals who have a higher level of education can better deal with complex problems because they also have a better level of reasoning (Arifah, 2019). Many researches showed differences between individuals who have and do not have a Certified Public Accounting (CPA) certificate in the ability to realize or distinguish which actions are following values and norms and which are not. The wider the knowledge obtained in education, the more an individual can be more aware of and differentiate unethical behavior so that he can avoid it (Damayanthi & Juliarsa, 2016). Sahla & Iryanie (2018) found that the level of education significantly affects auditor behavior, suggesting that higher levels of education may lead to more ethical behavior in conflict situations.

This causes an individual who has a higher education to be considered to have high ethics and moral reasoning, which can then become the basis for acting/behaving when in a situation of an ethical dilemma. Auditors with higher levels of education are more likely to engage in complex moral reasoning and make ethical decisions based on moral principles. Their education equips them with the knowledge and critical thinking skills necessary to navigate ethical dilemmas and prioritize ethical considerations over personal interests or external pressures.

***H<sub>3</sub>: The level of education influences the auditor's behavior in ethical dilemma situations***

Love of money is a measure of the level of love of an individual for money (Tang, 1992). Tang & Luna-Arocas (2005) stated in their research that the love of money does not reflect a need, but reflects a desire and value. Based on these different interpretations, Tang, (1992) developed the Money Ethics Scale (MES) as an indicator to assess a person's subjective views and feelings toward money.

A high level of love of money for an individual can make them think that money is a need that must be met by trying various ways to get it, regardless of whether the method used is good and following the values and norms that apply or not. Individuals who try to fulfill their love of money can create ethical dilemmas for these individuals (Sari & Widanaputra, 2019). Research conducted by Tang & Chiu, (2003) shows that the love of money is one of the causes of unethical actions committed by employees in Hong Kong.

It can be said that the love of money can affect the behavior of an individual. Auditors with a higher love of money may be more inclined to prioritize personal financial gain and engage in unethical behavior when facing ethical dilemmas. Their behavior may be influenced by a desire for money, potentially leading to compromised ethical decision-making.

***H<sub>4</sub>: Love of money affects auditor behavior in ethical dilemma situations***

Research conducted by Sipayung & Cahyonowati (2015) stated that an individual's work experience can affect the individual's level of love of money. Work experience, as measured by the number of years of service, reflects an individual's knowledge and familiarity with their work environment. This study reinforces the results of Gadjali & Birton (2014) which state that tenure/experience influences the love of money. This research strengthens the results of research from Tang & Luna-Arocas (2005) which states that experience influences the love of money.

Those studies suggest that as individuals gain more experience in their professional lives, their attitudes and values regarding money may change. Individuals with more work experience may have a different perspective on money and a reduced love of money compared to those with less experience.

***H<sub>5</sub>: Experience affects the love of money***

Tang & Chen (2008) mention that education, allows an individual to develop a basic love of money. The higher a person's education, the lower the level of love for money. This is because a person's high level of education will make that person's ethics higher or better. This statement is supported by the results of research conducted by Normadewi & Arifin (2012) which shows that the level of education influences the love of money, as individuals with higher levels of education may prioritize other values and goals over financial gain, leading to a lower love of money.

These studies suggest that individuals with higher levels of education may have a broader perspective and prioritize other aspects of life, such as personal growth, intellectual pursuits, or social contributions, over the pursuit of money. Their education may have provided them with a more comprehensive understanding of the world and different values, leading to a lower love of money.

***H<sub>6</sub>: The level of education affects the love of money***

Research conducted by Sipayung & Cahyonowati (2015) shows that experience has a positive and significant influence on the love of money. Abdelhak et al. (2019) found that more experienced internal auditors adopted a more ethical stance in some cases. As auditors gain more experience, their desire for money may increase, which in turn can influence their decision-making in ethical dilemmas. This is reinforced by Tang & Luna-Arocas (2005) which states that experience has an influence on the love of money.

***H<sub>7</sub>: Experience influences auditor behavior in ethical dilemma situations through the love of money***

Research conducted by Arifah (2019) shows that the relationship between education level and ethical perceptions through the love of money cannot be proven. The results of this study are not in line with previous research by Pradanti & Prastiwi (2014) which showed that love of money can be an intervening variable. This suggests that the love of money may play a role in mediating the relationship between education level and auditor behavior in ethical dilemma situations. Tests conducted by Mulyani (2015) also show that the love of money variable can be an intervening variable between gender and employment status variables on ethical perceptions. This further supports the idea that the love of money may mediate the relationship between education level and auditor behavior in ethical dilemmas.

***H<sub>8</sub>: Education level influences auditor behavior in ethical dilemma situations through the love of money***

## **METHODS**

This research belongs to the type of quantitative research. The data source in this study is primary data obtained from distributing questionnaires to respondents. Questionnaires were distributed in the form of a Google form through various electronic media such as email and LinkedIn to auditors working at KAP.

Variable	Definition of Variable	Indicator
<b>323 Auditor Behavior in Ethical Dilemma Situations</b>	The behavior of auditors when they are in an ethical dilemma situation where they face the choice to take certain actions accompanied by reasons not to take these actions	1. Regulatory Compliance 2. Compliance with Professional Standards 3. Environment 4. Organization 5. Facilities Provided (Source: Wati, 2009)
<b>Love of Money</b>	A measure of an individual's subjective feelings towards money (Tang, 1992).	1. Good 2. Evil 3. Achievement 4. Respect (self-esteem) 5. Budget 6. Freedom (power) (Source: Tang, 1992)
<b>Experience</b>	Knowledge and skills that are known and mastered by an individual are due to work or actions that have been carried out within a certain time (Trijoko, 1980).	1. <1 year 2. 1-3 year 3. 3-5 year 4. > 5 year 5. > 10 year
<b>Idealism</b>	Idealism is a school of philosophy that can be practiced and understood by every individual that thoughts and ideals are the only true things (KBBI).	1. Ensuring that the audit results are not detrimental to other parties 2. Tolerance of a loss 3. Evaluation of an action 4. Actions related to physical and psychological 5. Professional attitude 6. Introspection 7. Moral judgment 8. Welfare 9. Sacrifice 10. Assessment of an ideal action (Source: Irawati dan Supriyadi, 2012)
<b>Level of education</b>	The process of forming and self-determination of individuals ethically by the human heart and conscience through formal education authorized by the government (Arifah, 2019).	1. SMA/SMEA 2. Academic and other educational institutions, public/private, equivalent to DIPLOMA III 3. State/Private State (S1) 4. State/Private State (S2) 5. State/Private State (S3) 6. Others

**Table 1.**  
Operational Variables



The population in this study are all auditors who work for KAPs registered in the IAPI 2019 directory with a total of 619 auditors. The sampling method used is simple random sampling. Sampling was carried out using the Slovin formula, with an error rate of = 5%, and resulted in a minimum sample size of 243 respondents.

Variable measurements in this study can be seen in Table 1

Love of money is measured using the Money Ethic Scale (MES) indicator developed by Tang (1992) which consists of good, evil, achievement, respect (self-esteem), budget, and freedom (power). The love of money variable is measured using an interval scale of 1 (strongly disagree) to 5 (strongly agree). 5 point Likert scale provides a simpler and more straightforward response process for participants, thus preventing them from feeling overwhelmed during the response process. Aybek & Toraman (2022) found that a 5-point scale offers an easier responding process for respondents compared to a 7-point scale. Easier responding process can maintain reliability and internal consistency of respondents' answers. The smaller the MES value indicates the lower the level of an individual's love of money, and the higher the MES value indicates the higher the level of a person's love of money.

In this research, hypothesis testing is done by using Partial Least Square (PLS) by testing the Outer Model and Inner Model. The design of the inner model is the relationship between latent constructs based on the formulation of the problem or research hypothesis. In assessing, this test is seen from the value of R-squares. R-squares value 0.67; 0.33 and 0.19 for endogenous variables in the model indicate a strong, moderate, and weak model respectively. Furthermore, the test is carried out by looking at the significant value to determine the effect between variables.

## RESULT AND DISCUSSION

### *Data Description*

The number of samples collected in this study was 282 respondents. This amount was collected from 7 May 2020 to 7 July 2020. In general, the characteristics of the respondents are as follows:

1. The majority of KAP auditor locations are in Jakarta with 245 or 86.88% of respondents, Bandung with 9 or 2.85% and Surabaya with 5 or 1.77%, and others below 1.77%.
2. Respondents' experience as auditors, amounting to 44.7% experienced 1-3 years then auditor experience of less than 1 year amounted to 24.1%. And auditors who have experience of 3-5 years amount to 17.7%. As well as having experience of > 5 years and > 10 years respectively at 9.2% and 4.2%.
3. The majority of the respondent's education level, 85%, is a bachelor's degree, 9% is a master's degree, 4% is a doctoral degree, and 1% are high school and doctoral graduates.
4. For the age of the respondents, the majority of around 63% were aged between 30-25 years, 28.01% were aged 26-30 years, then 2.84% or 8 people aged between 31-35 years, and 2.48%, or 7 people for auditors aged 36-40 and > 50 years.
5. And finally, the position of the respondents as auditors, as many as 157 or 55.67% as junior auditors, 34.04% or 96 people as senior auditors and 14 people or 4.96% as supervisors, and others below 3%.

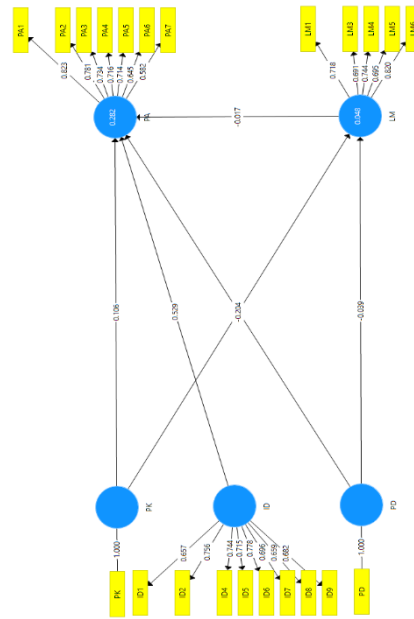


Figure 1. Research Model Testing

**Outer Model Testing**

**Convergent Validity**

An indicator is considered reliable if it has a loading factor value above 0.50 (Ghozali, 2018). In this study, 6 indicators were excluded because they were invalid to continue the data processing which can be seen in Figure 1. The AVE (Square Root of Average Variance Extracted) results for each variable have a value above 0.5 so they can be said to be valid.

**Discriminant Validity**

Discriminant validity was assessed based on the value of the Fornell-Larcker criteria and cross-loading. The relationship between each indicator and the construct in this study has good validity. This is indicated by the value of the relationship between each indicator and the construct being higher than the relationship between the indicator and the other constructs. As well as having a construct relationship value with the construct itself is higher than the construct relationship with other constructs.

**Composite Reliability**

A construct is said to have good reliability if it has a composite reliability or Cronbach alpha value above 0.70 (Ghozali, 2018). In this study, the value of composite reliability and Cronbach alpha for each construct was greater than 0.70, so it can be said that all constructs in this study were reliable.

Variable	Composite Reliability	Cronbach Alpha	Description
Idealism (ID)	0.891	0.860	Reliable
Love of Money (LM)	0.854	0.794	Reliable
Auditor Behavior (PA)	0.880	0.842	Reliable
Education Level (PD)	1.000	1.000	Reliable
Experience (PK)	1.000	1.000	Reliable

Table 2. Composite Reliability

**Table 3.**  
Nilai R-Square

	<b>R-Square</b>
Auditor Behavior in Ethical Dilemma Situations	<b>0.282</b>
Love of Money	<b>0.048</b>

***Inner Model Testing (Structural Model)***

Testing of the structural model is done by looking at the value of R-square (R<sup>2</sup>). The R-square test is a test conducted to determine the effect of the independent variables on the dependent variable.

Based on the table it can be seen that the auditor's behavior in ethical dilemma situations can be explained by experience, idealism, level of education, and love of money by 28%. 72% is explained by other variables not included in this study. Likewise, with the love of money variable, that experience, idealism, and level of education are only able to explain the love of money variable by 5%. 95% is explained by other variables not included in this study.

***Indirect Relations***

To test the effect of the indirect relationship of H7 and H8, it is measured using the Sobel test which produces a t statistic > 1.96 so that H7 and H8 is accepted.

***Hypothesis Test***

The results of hypothesis testing can be seen in Table 4.

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T ( O/STDEV )	Statistics P Values	Description
H1 PK > PA	-0.106	0.112	0.057	1.850	0.065	No effect
H2 ID > PA	-0.529	0.539	0.045	11.643	0.000	Influential
H3 PD -> PA	0.056	0.052	0.058	0.965	0.335	No effect
H4 LM -> PA	-0.017	-0.020	0.063	0.272	0.786	No effect
H5 PK > LM	-0.204	-0.213	0.058	3.524	0.000	Influential
H6 PD -> LM	-0.039	-0.041	0.080	0.491	0.624	No effect

**Table 4.**  
Path Coefficients

## *Discussion*

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### *The Effect of Experience on Auditor Behavior in Ethical Dilemma Situations*

The results of hypothesis testing through path coefficients show that experience does not affect auditor behavior in ethical dilemma situations. The results of this study are in line with the research by Nakula (2014) that experience does not affect auditor behavior.

Despite the contrasting findings of this study compared to Hayuningtyas (2014) and Mustika & Jati (2017), which suggest that audit experience influences an auditor's ethical decision-making, it is suggested that under ethical dilemma situation, auditors may overlook their professional experience, leading to lapses in ethical behavior.

By referencing attribution theory, it is posited that environmental factors wield an influence over auditors' adherence to prevailing regulations and professional standards. In this context, external pressures, particularly environmental factors, incentivize auditors to deviate from strict compliance with these regulations and standards.

In this research, the extent of an auditor's experience was quantified by their duration of service. The results reveal that 55.7% of the respondents in the study are junior auditors with less than 3 years of experience, which is considered insufficient for auditors to exhibit a fully professional comportment.

### *The Effect of Idealism on Auditor Behavior in Ethical Dilemma Situations*

The results of hypothesis testing through path coefficients show that idealism influences auditor behavior in situations of ethical dilemmas in a positive direction. The results of this study are in line with Johari et al. (2019). Idealistic auditors have good behavior, so an idealistic attitude must be maintained so that they can act when faced with problems that can lead to ethical dilemmas.

The accounting profession is obligated to adhere to all relevant regulations in delivering its professional services, thus idealistic accountants will exhibit ethical conduct. Even when faced with ethical dilemmas, auditors are expected to uphold ethical behavior.

### *The Effect of Education Level on Auditor Behavior in Ethical Dilemma Situations*

The results of hypothesis testing through path coefficients show that educational level does not affect auditor behavior in ethical dilemma situations. The results of this study are the results of previous research by Arshintia et al. (2017) and Arifah (2019). Being skilled and having knowledge alone is not enough to make an auditor behave professionally (Arifah, 2019). Accountants are required not only to be technically competent but also to be morally free from conflicts of interest.

Freeing morals from conflicts of interest will make auditors free from situations of ethical dilemmas so that they will always apply the basic ethical principles that already exist (internal attribution). This study shows that the majority of the last education level of auditors is at the S1 level, which is equal to 84.75% of the total sample. Then followed by the Masters level of education as much as 8.87%. D3 equivalent education is 4.26%. Finally, it was followed by respondents who had the last education at the doctoral and high school levels respectively at 1.42% and 0.71%.

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13.2

Ki Hadjar Dewantara stated that education is the tri-center. Tri-center means that education is carried out in three environments, namely the family, school, and community environment. The family environment as the first place of education is the place for forming the first behavior and character of each person. So that if the role of the family is correct in shaping

the character of a child who is free from conflicts of interest, then this can be a guide when dealing with the school and community environment.

### ***The Effect of Love of Money on Auditor Behavior in Ethical Dilemma Situations***

The results of hypothesis testing show that the love of money does not affect auditor behavior in ethical dilemma situations. This result is not by the hypothesis that has been formulated previously, where the love of money influences auditor behavior in ethical dilemma situations. The results of this study are the results of previous research conducted by (Harun, 2016) that the love of money does not affect auditor behavior and ethical perceptions even though it has a negative direction of influence. These results indicate that a low level of love of money will not significantly improve auditor behavior. This is due to the auditor's habit of doing good things (Harun, 2016). An individual's behavior is caused by his tendency to do good things which is formed due to the habits of the individual himself (internal attribution).

Because of this, even auditors who have a high level of love of money tend to continue to use good methods to meet their needs because it has become a habit for the auditors themselves to behave following the accountant's code of ethics. This makes the level of love of money owned by the auditor not affect the auditor's behavior because the level of love of money is also influenced by the auditor's compliance with the code of ethics that regulates it. If the auditor carries out his duties by the code of ethics, then even though the auditor is in an ethical dilemma, the auditor remains professional in providing professional services.

Unlike Tang & Chiu (2003) which stated that a high level of love of money would make individuals take unethical actions. Based on these results, the effect of love of money on auditor behavior in ethical dilemma situations as a component of internal attribution is not stronger than other internal attribution components (habits) of the auditor itself which causes the love of money to not affect the auditor behavior in ethical dilemma situations.

### ***The Effect of Experience on the Love of Money***

The results of hypothesis testing through path coefficients show that experience affects the love of money in a negative direction. This can be interpreted that the more experience an auditor has, the more professional he will be at work. This professional attitude makes auditors no longer see only money that can reflect achievement, respect, and power for their work. Accordingly, with increasing experience, they may learn that the love of money can also lead them to unethical (evil) behavior. This result are in line with Normadewi & Arifin (2012) and Dewi & Gayatri (2020) which stated that as auditors gain more experience, they may develop a more professional attitude towards their work, which could potentially mitigate the influence of the love of money on their behavior.

While the more experienced an auditor is, they will also have higher their position, be it a senior auditor, supervisor, or manager. In this position, they already have a responsibility and will be a role model for members and their junior auditors. Also, through this role, they will set a good example by applying the principles of a code of ethics in their work.

### ***The Effect of Education Level on Love of Money***

The results of testing the hypothesis through path coefficients show that the level of education does not affect the love of money. The results of this study are under the results of previous research by Arifah (2019) Formal education is not the only factor that influences the level of love of money. But very based on the environment of the individual itself (external attribution). This means that the love of money is not only influenced by one's

formal education. Will a high level of auditor education increase the love of money? not, because uneducated people also have a passion for the love of money. Formal education is not the only factor that influences the level of love of money (Arifah, 2019). But very based on the environment of the individual itself (external attribution). An excessive feeling of love for money can arise through the socialization process that is obtained and maintained in life.

### ***The Effect of Experience on Auditor Behavior in Ethical Dilemma Situations Through Love of Money***

Based on the hypothesis test by conducting the previous Sobel test, it was found that experience influences auditor behavior in ethical dilemma situations through the love of money. So experience does not reflexively influence auditor behavior in ethical dilemma situations, but through changes in the level of love of money first. If visualized, the path to experience influencing the love of money, then the love of money will influence the auditor's behavior in ethical dilemma situations. This is supported by Sipayung & Cahyonowati (2015) and Abdelhak et al. (2019) that experience influences auditor behavior in ethical dilemma situations through various factors, including the love of money.

### ***The Influence of Education Level on Auditor Behavior in Ethical Dilemma Situations Through Love of Money***

Based on the hypothesis test by conducting the previous Sobel test, it was found that the level of education influences the auditor's behavior in ethical dilemma situations through the love of money. So, the level of education does not reflexively affect the auditor's behavior in ethical dilemma situations, but through changes in the level of love of money first. If visualized, the path to education level influencing the love of money, then the love of money will influence auditor behavior in ethical dilemma situations. This is in line with Pradanti & Prastiwi (2014) and Mulyani (2015) stated that education level may influence auditor behavior in ethical dilemma situations through various factors, including the love of money.

## **CONCLUSION**

Based on the results of the data analysis described earlier, the following conclusions can be drawn: that experience, level of education, and love of money do not affect auditor behavior in situations of ethical dilemmas, but there is a love for money of an auditor, then experience and level of education will be causing the auditor to experience an ethical dilemma and may behave unethically. Excessive love of money can compromise the professional ethics of auditors, therefore, the presence of integrity, experience, and a high level of education becomes imperative in decreasing it. It is plausible that auditors, when faced with such a scenario, would opt for actions that align with ethical codes, prioritizing these over succumbing to the impulse for financial gain driven by a love of money.

The auditor's ethical dilemma can be minimized by the idealistic attitude of the accountant. While the more experienced an auditor is, the auditor is seen as more professional and no longer sees only money that can reflect achievement, respect, and power.

The limitations of this study. First, a low R-square value indicates the love of money variable and auditor behavior in ethical dilemma situations is more explained by other variables not examined in this study. Future research is expected to add independent variables or use other variables that can influence auditor behavior in situations of ethical dilemmas and can affect love of money like other individual characteristics, namely gender, socioeconomic status, and ethnic background. And can use direct observation methods through interviews and others.

In both its planning and implementation, this study relies on relatively older references, due to the consideration that more recent and pertinent literature may not yet offer a comprehensive perspective on the topic. Future research are expected to engage with more current literature to explore the latest advancements relevant to the subject of inquiry. The results of this study support previous research which recommended that the auditor's compliance with the accountant's professional code of ethics would reduce the auditor's ethical dilemma in audit assignments.

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