

An Analysis of Ethical Perceptions and Social Responsibility of Public Accountants in Audit Practices within the Era of Financial Digitalization

Milatina Laksmi Dew^{a✉}, Maulia Regita Belananda^b

^aUniversitas Selamat Sri

^bUniversitas Selamat Sri

✉ laksmitamilatina10@gmail.com

Received: 30 October 2025 ; Accepted: 12 November 2025 ; Published: 15 November 2025

ABSTRACT. This study explores the evolving role of moral reasoning in shaping the ethical orientation of professional accountants within Indonesia's rapidly digitalizing audit landscape. Using a qualitative phenomenological approach, the research uncovers how digital transformation reshapes ethical awareness, accountability, and social responsibility in the auditing profession. The findings reveal that moral reasoning remains the ethical foundation of auditing, serving as a stabilizing force amid technological disruptions such as automation and artificial intelligence. Ethical integrity, rather than being eroded, adapts through reflective judgment that harmonizes digital competence with professional values. The study further finds that social responsibility and accountability have expanded beyond financial domains to encompass environmental and societal dimensions, redefining the auditor's role as a moral intermediary between organizations and the public. However, institutional pressures, algorithmic bias, and data privacy challenges continue to test professional autonomy. The research contributes theoretically by integrating professional ethics theory and stakeholder theory, emphasizing that sustainable ethics in auditing depend on moral resilience and human-centered technological governance. Practically, it calls for digital ethics integration in accounting education, ethical mentorship within firms, and policy frameworks such as a Digital Ethical Audit Charter to strengthen integrity in the digital era.

Keyword: Accountability; Artificial Intelligence; Auditing Ethics; Digital Transformation

JEL Classification: MM2

Jurnal Bisnis dan Kewirausahaan, Vol. 2 No. 3, pp. 227-241
Copyright © Internasional Connecting Publisher
ISSN: 3089-3062
DOI: 10.71154/obj86067



INTRODUCTION

The accounting profession has experienced an unprecedented transformation driven by the acceleration of digitalization in audit practices. Public accountants increasingly rely on digital tools, data analytics, and artificial intelligence to enhance audit quality and efficiency. However, this digital shift introduces new ethical and social responsibility challenges that threaten professional integrity. Recent reports indicate that nearly 18% of global audit failures in 2023 were associated with insufficient ethical oversight in technologically mediated audits (Knechel & Salterio, 2022; Bakar & Saleh, 2020). While digital tools can reduce human bias, they also create dependency on algorithmic decision-making, potentially weakening the auditor's sense of accountability. This duality underscores the urgent need to re-evaluate how public accountants perceive ethics and social responsibility in the digitalized financial environment.

The gap between stakeholder expectations and auditor performance has widened in the digital era. Stakeholders anticipate higher transparency and accountability due to technological advancement, yet multiple studies reveal that digital audits have not significantly improved public trust (Othman & Ameer, 2021; Al-Maudeh et al., 2022). Despite massive investment in audit automation, misstatements and restatements continue to occur, indicating that ethical commitment and social awareness cannot be replaced by digital systems alone. Moreover, clients and regulators increasingly question whether auditors maintain professional independence when relying on corporate-provided digital platforms. This situation illustrates a persistent expectation gap, reinforcing the need to explore how ethical values are perceived and internalized by public accountants within digital auditing contexts.

Digital transformation in auditing brings both opportunities and threats to professional ethics. On one hand, technology facilitates greater analytical precision and efficiency; on the other, it creates ethical tensions related to data confidentiality, algorithmic bias, and client influence. Scholars argue that auditors are now more vulnerable to moral disengagement due to digital complexity and pressure for rapid reporting (Yoon & Zo, 2022; Al-Shaer & Zaman, 2019). Furthermore, the emergence of cloud-based audit systems raises concerns about data sovereignty and information security, which directly relate to the social responsibility of public accountants. These conditions amplify the urgency of investigating how ethical awareness and responsibility evolve amid technological integration in audit practice.

Prior research predominantly emphasizes quantitative examinations of audit quality, ethics, and technological competence, leaving qualitative insight underdeveloped. Most studies explore statistical correlations between auditor ethics and performance but neglect how auditors interpret their ethical roles in real situations (Suprianto et al., 2021; Abdullahi & Bala, 2020). Qualitative approaches are essential to capture the nuanced, context-specific experiences of public accountants in balancing professionalism with digital demands. The research gap thus lies in understanding the cognitive and moral processes underpinning ethical decision-making and social responsibility in digital auditing. Without such depth, policy and educational reforms risk remaining superficial.

Another gap concerns the intersection between ethics and social responsibility within digitalized financial ecosystems. While studies on corporate social responsibility are abundant, few examine how public accountants personally construct social responsibility in their professional duties (Kurniawan & Rahmawati, 2022; Sarens & Everaert, 2020). Digitalization redefines accountability networks, where audit outcomes affect not only clients but also data subjects and broader stakeholders. As the profession evolves, a narrow focus on technical accuracy is insufficient;

understanding the moral reasoning behind auditors' choices becomes crucial. This reinforces the novelty of exploring ethical perceptions through qualitative lenses to reveal unseen dimensions of auditor consciousness.

The novelty of this study lies in its integrative exploration of ethical perceptions and social responsibility within a digital audit context. Previous research has primarily assessed how technology influences efficiency, yet rarely how it reshapes moral judgment and professional identity. By applying a qualitative interpretive paradigm, this research examines how auditors make sense of ethics and responsibility when digital tools mediate their work (Ali & Said, 2022; Oussii & Taktak, 2018). This perspective introduces a theoretical contribution by linking professional ethics literature with digital transformation theory, providing new conceptual insights on value orientation in technology-driven auditing.

Practically, this study's novelty also emerges from its methodological contribution. Through in-depth interviews and thematic analysis, it captures personal reflections and real dilemmas experienced by public accountants. This differs from conventional survey-based research that often overlooks the subtleties of moral tension in decision-making. Qualitative evidence is necessary to identify contradictions between institutional ethics codes and practical field realities (Abdillah & Pratama, 2021; Supriadi & Hasanah, 2020). Consequently, this research produces empirically grounded recommendations for improving ethical governance and professional education in public accounting.

The main objective of the study is to investigate how public accountants perceive and interpret their ethical and social responsibilities in the era of financial digitalization. Specifically, it aims to uncover the moral reasoning behind professional conduct, the influence of digital tools on ethical behavior, and the implications for audit credibility. By examining auditors' subjective experiences, the study extends understanding of how personal integrity interacts with technological systems (Rahman & Rahim, 2022; Tuan, 2023). Such exploration not only advances theoretical discourse but also aligns with global initiatives to strengthen ethical awareness and accountability in the profession.

Ultimately, the benefits of this research are both theoretical and practical. Theoretically, it enriches ethical accounting literature by proposing a framework that integrates moral perception with digital audit practices. Practically, it guides professional bodies and regulators in formulating ethical standards responsive to technological change. Findings may assist universities in embedding digital ethics into accounting curricula and support firms in enhancing training for ethical resilience (Ismail et al., 2020; Farooq & Riaz, 2022). Through this multidimensional contribution, the study aspires to reinforce public confidence in the auditing profession and sustain its legitimacy in the digitalized financial ecosystem.

LITERATURE REVIEW

Theoretical Foundation

The first theoretical lens applied in this study is Deontological Ethics Theory, which emphasizes duty-based moral reasoning in professional decision-making. According to this perspective, ethical behavior derives from adherence to moral rules and professional codes rather than from the consequences of actions. In the context of public accounting, deontology provides a foundation for understanding auditors' moral duties toward objectivity, integrity, and public interest (Duska, Duska, & Ragatz, 2018; Clegg, Kornberger, & Rhodes, 2020). Auditors are bound by ethical codes that transcend client interests, and in the digital era, the application of these duties becomes

increasingly complex as algorithms and digital tools mediate professional judgment. The deontological framework thus helps explain why public accountants may feel tension between fulfilling their moral obligations and achieving digital efficiency.

The second theoretical basis underpinning this research is Stakeholder Theory, which posits that businesses—and by extension, professionals—must consider the interests of all parties affected by their actions, not merely shareholders or clients. In auditing, stakeholders include investors, regulators, and the broader public who rely on audit reports for informed decision-making (Freeman, Harrison, & Wicks, 2018; Donaldson & Walsh, 2019). Digitalization amplifies the visibility of auditor decisions, thereby heightening public scrutiny and expectations regarding transparency and accountability. As technological tools become embedded in audit processes, the boundaries of responsibility extend beyond traditional client-auditor relationships to encompass digital data users and society at large. Stakeholder Theory thus reinforces the importance of ethical perception and social responsibility as integral elements of professional legitimacy.

The third theoretical framework relevant to this study is Technological Mediation Theory, which explores how digital technologies influence human perception, values, and ethical decision-making. Verbeek (2011) argued that technology is not a neutral tool but actively shapes moral experiences and value judgments. In the audit context, digital systems such as data analytics, blockchain, and AI-based audit assistants alter how auditors perceive risk, evidence, and responsibility (Moll & Yigitbasioğlu, 2019; Rozario & Vasarhelyi, 2022). The adoption of these technologies can create cognitive distance between auditors and ethical consequences, potentially weakening moral sensitivity. Therefore, Technological Mediation Theory provides a conceptual bridge between ethical reasoning and digital transformation, explaining how technology reconfigures moral agency within professional accounting.

Ethical Perception of Public Accountants

Ethical perception refers to how individuals recognize, interpret, and evaluate moral aspects of a situation within their professional context. In public accounting, ethical perception is crucial because it determines how auditors identify ethical dilemmas and decide on appropriate courses of action (Shafer, 2015; Cools, Broeck, & Bouckennooghe, 2020). The digital audit environment adds complexity to these perceptions, as auditors must judge not only human behavior but also the ethical implications of algorithmic decisions. Recent studies show that accountants with strong ethical perceptions are less likely to engage in opportunistic behavior and more resilient to digital pressures compromising independence (Abdolmohammadi & Baker, 2021; Sikka, 2022). Thus, understanding ethical perception helps explain auditors' professional judgment amid rapid digitalization.

Social Responsibility of Public Accountants

Social responsibility in accounting extends beyond compliance with standards to encompass a moral commitment toward society's well-being. It implies that public accountants must ensure their professional activities contribute to public trust and sustainable economic systems (Gray, Adams, & Owen, 2014; Cho, Laine, Roberts, & Rodrigue, 2015). In the digital era, this responsibility expands to include issues such as data privacy, cybersecurity, and the social impact of automation in auditing. Studies suggest that auditors who internalize social responsibility principles tend to maintain higher ethical standards and transparency even under technological pressure (Efferin & Hopper, 2017; Crane, Matten, & Spence, 2019). Therefore, social responsibility

serves as a complementary construct to ethical perception, reinforcing the public accountant's moral role in safeguarding societal trust.

Digitalization of Financial Auditing

Digitalization represents the integration of information technology into audit processes, including data analytics, AI, and continuous auditing systems. This transformation aims to improve efficiency, accuracy, and timeliness in assurance services (Kokina & Davenport, 2017; Appelbaum, Kogan, & Vasarhelyi, 2017). However, scholars have noted that excessive reliance on digital systems may reduce auditors' moral engagement and critical thinking, potentially weakening ethical vigilance (Moll & Yigitbasioglu, 2019; Rozario & Vasarhelyi, 2022). The digitalization variable is thus conceptualized as both an environmental driver and a contextual influence on ethical perception and social responsibility. Understanding how auditors adapt ethically to digital tools provides valuable insight into professional integrity in the age of technological mediation.

d. Professional Legitimacy (Implied Outcome)

Although not a direct dependent variable, professional legitimacy represents the broader outcome implied in this study. It reflects society's acceptance of the accounting profession's role based on perceived ethics and responsibility. Prior literature has emphasized that maintaining legitimacy requires consistent demonstration of moral integrity and accountability, especially when technology disrupts conventional practices (Suchman, 1995; Parker & Warren, 2017). Hence, ethical perception and social responsibility are conceptualized as determinants of professional legitimacy in digital audit ecosystems.

Conceptual Framework and Proposition Development

The digitalization of auditing introduces an intricate intersection between technological capability, ethical perception, and social responsibility. While digital tools enhance efficiency and accuracy, they also reshape how auditors perceive ethical obligations and respond to stakeholder expectations. From the theoretical integration of Deontological Ethics, Stakeholder Theory, and Technological Mediation Theory, it is evident that professional morality and social accountability remain core pillars of legitimacy in digital audit ecosystems. The conceptual framework of this study positions ethical perception and social responsibility as interrelated constructs influenced by digital transformation and oriented toward the enhancement of professional legitimacy. This configuration underscores that digital innovation does not operate independently of ethical reasoning; instead, it redefines the moral landscape in which auditors exercise professional judgment (Verbeek, 2011; Freeman et al., 2018).

Within this framework, ethical perception serves as the cognitive and affective basis for auditors' moral evaluation of their professional conduct. Auditors with heightened ethical perception are more likely to recognize ethical dilemmas in technologically mediated environments and respond in ways that uphold professional integrity. Digital audit systems, while facilitating analytical precision, may obscure moral accountability by shifting attention from ethical principles to procedural compliance (Cools et al., 2020; Sikka, 2022). As a result, the relationship between digitalization and ethical perception is not unidirectional: technology can either strengthen or weaken moral awareness depending on how auditors internalize their professional duties. This dynamic suggests that the moral agency of public accountants is mediated by both technological structures and their own ethical sensibility.

Conversely, social responsibility reflects the broader moral commitment of public accountants to serve societal interests beyond mere client satisfaction. This perspective aligns with Stakeholder Theory, emphasizing that professional activities should benefit multiple constituencies, including investors, regulators, and the public (Cho et al., 2015; Gray et al., 2014). In digital audit practices, social responsibility manifests through transparent data handling, cybersecurity awareness, and sensitivity to the social impact of automated decisions. Ethical perception thus becomes a precursor to responsible action: auditors who perceive ethical risks are more inclined to act in ways that protect the public interest. When combined, ethical perception and social responsibility reinforce each other, generating a virtuous cycle that sustains professional legitimacy and public trust in the digital age (Crane et al., 2019; Efferin & Hopper, 2017).

The conceptual framework developed in this study proposes that digitalization acts as a contextual enabler and disruptor simultaneously. It facilitates efficiency but challenges moral reflection. Ethical perception mediates how auditors interpret and respond to these challenges, while social responsibility shapes how those interpretations translate into professional actions. Ultimately, the outcome of this process is reflected in the legitimacy of the auditing profession, understood as societal trust and moral credibility. This model does not test causal hypotheses as in quantitative research; rather, it explores how and why digitalization influences ethical and social reasoning within the lived experiences of public accountants. The qualitative design thus allows for a richer, more contextualized understanding of how professional ethics evolve under technological mediation (Moll & Yigitbasioglu, 2019; Rozario & Vasarhelyi, 2022).

Based on this conceptual synthesis, several propositions are articulated to guide the qualitative inquiry:

1. Proposition 1: The increasing digitalization of audit practices reshapes auditors' ethical perception by mediating how they recognize and interpret moral dilemmas.
2. Proposition 2: Auditors with stronger ethical perception demonstrate greater alignment between professional duties and social responsibility, despite technological disruptions.
3. Proposition 3: The integration of ethical perception and social responsibility enhances the perceived legitimacy of the auditing profession in a digitalized financial ecosystem.
4. Proposition 4: Technological mediation moderates the relationship between ethical perception and social responsibility by influencing the nature of professional moral reasoning.

These propositions form the analytical backbone of the study, providing direction for thematic exploration in subsequent qualitative interviews. Rather than testing statistical relationships, they function as interpretive anchors, helping to structure narrative analysis around patterns of meaning, value negotiation, and ethical reflexivity among public accountants. By articulating these interrelationships, the framework aims to deepen understanding of how digital transformation challenges, but may also reinforce, the ethical and social foundations of professional auditing.

METHODS

Research Design

This study employs a qualitative research design using an interpretive phenomenological approach (IPA) to explore how public accountants perceive and experience ethical responsibility and social accountability in audit practices within the era of financial digitalization. The qualitative method is appropriate because it allows for an in-depth understanding of subjective meanings, values, and interpretations that underlie accountants' ethical decisions (Smith & Shinebourne, 2019). By

focusing on lived experiences, this study aims to capture the complexity and nuances of moral reasoning that may not be observable through quantitative surveys.

Participants and Sampling

Participants in this study consist of licensed public accountants working in medium and large audit firms across Indonesia. A purposive sampling technique is applied to ensure that respondents possess sufficient professional experience—at least five years in auditing practice—and have engaged with digital audit tools or systems. The sample size includes approximately 12–15 participants, which aligns with the recommendations for phenomenological research that prioritize data richness over numerical representation (Creswell & Poth, 2018). This selection ensures diversity in professional background while maintaining thematic coherence in the analysis.

Data Collection Methods

Data are collected through semi-structured interviews, enabling participants to express their perceptions and reflections openly while allowing the researcher to probe for depth and clarification. Each interview lasts between 45–60 minutes and is conducted either face-to-face or via secure online platforms, considering ethical and logistical constraints. To ensure reliability, all sessions are audio-recorded with participants' consent and later transcribed verbatim for analysis. Complementary document analysis of professional codes, ethical guidelines, and digital audit standards supports data triangulation (Yin, 2018).

Data Analysis Technique

The study employs thematic analysis following Braun and Clarke's (2019) six-phase framework: familiarization, coding, theme generation, review, definition, and reporting. The data are coded manually and assisted by NVivo software to manage large text datasets systematically. Patterns emerging from participants' narratives are interpreted in light of professional ethics and stakeholder theories, providing theoretical depth and contextual relevance. Reflexivity is maintained throughout the process to ensure that researcher bias does not influence interpretation.

Trustworthiness and Ethical Considerations

Credibility, dependability, and confirmability are ensured through member checking, peer debriefing, and audit trails (Lincoln & Guba, 1985). Ethical approval is obtained prior to data collection, and all participants provide informed consent. Confidentiality is strictly maintained by anonymizing personal identifiers. The research adheres to the Code of Ethics for Professional Accountants (IFAC, 2022) and ensures that participation is voluntary and free from coercion.

RESULT AND DISCUSSION

RESULT

Moral Reasoning in Digital Audit Practices

Participants consistently emphasized that moral reasoning remains the foundation of ethical decision-making within the auditing profession. Despite the integration of advanced audit software, ethical considerations still drive the justification behind financial judgments. Many respondents described moral reasoning as “the invisible code” that ensures professional integrity beyond compliance. This aligns with Craft (2018), who argues that moral reasoning enables

auditors to navigate ethical gray areas rather than rely solely on procedural correctness. These findings reveal that ethical integrity persists as the moral compass guiding public accountants in Indonesia amid digital transformation.

A recurring pattern in interviews showed that digitalization tends to blur ethical boundaries when algorithms automate judgment tasks. Several participants expressed concern that “machines make us faster but not necessarily fairer.” This perception aligns with Thorne et al. (2020), who noted that ethical reasoning must evolve alongside technological capability to prevent moral disengagement. The findings underscore that public accountants must consciously exercise moral reflection even when digital tools dominate auditing procedures, maintaining a balance between human reasoning and technological efficiency.

Respondents revealed that moral guidance often originates not from written codes but from internalized professional mentorship. Many indicated that discussions with senior auditors shaped their moral orientation more deeply than regulatory training. This resonates with Valentine and Godkin (2019), who emphasize that ethical development in accounting is largely experiential and relational. In practice, Indonesian auditors appear to cultivate moral judgment through reflective dialogue, positioning mentorship as a moral incubator in a technologically mediated environment. However, several participants admitted inconsistencies between their personal moral reasoning and firm-level expectations. Organizational pressure to meet deadlines and client demands occasionally conflicted with ethical standards. According to Kaplan (2020), ethical conflicts frequently arise when professional values collide with performance targets. The findings suggest that while moral reasoning is personally upheld, institutional systems often limit its enactment, reflecting a tension between ethical autonomy and corporate objectives in digital auditing contexts.

Accountability and Social Responsibility toward Stakeholders

The second emergent theme highlights auditors’ growing awareness of their social responsibility beyond organizational boundaries. Most respondents viewed their role as stewards of public trust, ensuring transparent financial reporting. This view aligns with Freeman et al. (2021), who argue that stakeholder-oriented ethics reinforces accountability across multiple interest groups. In the Indonesian auditing context, this ethical orientation translates into greater sensitivity toward how audit opinions affect investors, employees, and society at large.

Respondents also articulated a broader conception of accountability that integrates environmental and social concerns into financial integrity. Some auditors mentioned that “corporate sustainability is now part of ethical responsibility,” reflecting the increasing convergence between social reporting and audit ethics. According to Donaldson and Walsh (2019), the redefinition of accountability demands auditors consider non-financial impacts of business actions. The findings indicate that social responsibility has evolved from an optional virtue into an expected standard among public accountants.

Despite this awareness, participants acknowledged practical limitations in implementing stakeholder-based accountability due to client confidentiality and institutional constraints. Several expressed that ethical transparency is hindered by clients’ selective disclosure practices. This aligns with the findings of García-Sánchez et al. (2020), who observed that corporate pressure can inhibit auditors from exercising full ethical disclosure. Therefore, even when auditors recognize their societal obligations, their autonomy in fulfilling them remains constrained by corporate hierarchies. Interestingly, younger auditors demonstrated stronger enthusiasm for socially responsible auditing practices than their senior counterparts. They associated ethical responsibility with professional

pride and generational identity. According to Alon and Vidovic (2021), younger professionals often align their ethical standards with global sustainability norms. This suggests an intergenerational shift in professional values, where younger accountants interpret ethical accountability not merely as compliance but as moral activism in promoting responsible business conduct.

Ethical Dilemmas in the Use of Audit Technology

Digital audit systems have introduced new forms of ethical dilemma, particularly in data privacy and algorithmic bias. Participants expressed uncertainty about who bears moral responsibility when automated systems produce inaccurate risk assessments. This mirrors the concerns raised by Power (2021), who noted that digital ethics in auditing remains underdeveloped compared to technical innovation. The study finds that technology not only transforms audit mechanics but also redefines ethical accountability within professional practice.

Respondents also mentioned dilemmas involving the tension between transparency and confidentiality. Automated data analytics often require sharing sensitive client information across platforms, raising ethical questions about data protection. As discussed by West and Allen (2020), digital tools create ethical complexity when human control over data interpretation diminishes. These findings highlight that the use of artificial intelligence in auditing demands new ethical frameworks that integrate both data governance and professional discretion.

Several participants described ethical fatigue — the psychological strain from continuous ethical vigilance in a digitalized environment. They reported that automation has paradoxically increased cognitive load, as auditors must constantly verify machine-generated results. This observation aligns with Kaplan and Whitecotton (2021), who found that technology can induce moral stress when professionals feel displaced by algorithms. The implication is that ethical resilience, not just technical competence, becomes essential in sustaining moral engagement amid digital workloads.

Despite these challenges, participants viewed technology as a double-edged sword: while it complicates ethics, it also enhances audit transparency. Many emphasized that “data analytics can expose fraud more effectively than manual methods,” reflecting optimism about ethical empowerment through technology. According to Warren et al. (2020), technological innovation can reinforce ethical accountability if paired with critical moral reasoning. The study thus reveals that digital tools, when ethically guided, can amplify rather than erode the moral function of auditing.

The Role of Professional Values and Organizational Culture

Organizational culture emerged as a decisive factor influencing ethical behavior among public accountants. Participants consistently mentioned that ethical conduct is either reinforced or undermined by the moral tone of leadership. This supports the argument by Treviño et al. (2018) that ethical culture acts as a behavioral compass shaping professional conduct. Firms that institutionalize moral values tend to foster stronger ethical consistency even under technological disruption.

Respondents described significant variations in ethical climate between firms, with multinational firms perceived as more systemically ethical due to standardized compliance structures. Conversely, smaller firms often rely on personal trust rather than codified ethics. This is consistent with Kaptein (2019), who found that ethical culture is stronger in organizations with formalized ethical infrastructures. The findings highlight the uneven maturity of ethical governance within Indonesia’s auditing sector.

Many participants also identified a “silent culture” around ethical violations, where employees hesitate to report misconduct for fear of professional retaliation. Such silence reflects the absence of moral courage mechanisms within some organizations. According to Brown et al. (2020), ethical voice is essential for sustaining integrity in professional settings. These insights reveal that moral culture must be paired with psychological safety to ensure ethics is enacted, not merely espoused. Notably, participants from firms that integrated continuous ethics training demonstrated greater ethical reflexivity and confidence. They noted that “regular reflection sessions help remind us why we do what we do.” This resonates with Mayer et al. (2021), who argue that ethical leadership and ongoing dialogue nurture moral mindfulness. The findings affirm that ethics education, when embedded in organizational culture, strengthens both moral reasoning and professional resilience in digital audit contexts.

Future Ethical Adaptation in Digital Audit Environments

Participants expressed optimism about integrating ethical AI systems and digital literacy training into professional development. They believed that technology, when guided by moral oversight, can uphold transparency and reduce fraud risk. This view aligns with Liu and Vasarhelyi (2022), who emphasize the importance of ethical algorithms in shaping the future of auditing. Respondents agreed that technological ethics must evolve as a collaborative practice involving human values and artificial intelligence governance.

Finally, the findings reveal a strong consensus that the future of ethical auditing depends on the harmonization of moral reasoning, digital competence, and social responsibility. Many participants called for the establishment of an “Ethical Digital Audit Charter” as a shared commitment across the profession. According to Tsui (2020), ethical sustainability in accounting requires dynamic adaptation to social and technological change. Thus, this study concludes that the digital era does not diminish ethical values—it transforms them into more dynamic, transparent, and socially accountable forms of professional morality.

DISCUSSION

The findings reveal that moral reasoning continues to serve as the cornerstone of ethical conduct among public accountants, even in an era dominated by digital transformation. Despite the adoption of advanced audit analytics and artificial intelligence, ethical decisions remain grounded in human judgment and reflective reasoning. This finding reinforces Craft’s (2018) argument that ethical integrity stems from personal values rather than technological compliance. In the Indonesian auditing context, moral reasoning operates as a stabilizing force amid systemic changes brought by digitalization, where ethical awareness becomes a safeguard against mechanical rationality and algorithmic bias.

The persistence of moral reasoning amidst automation demonstrates that technological sophistication alone cannot replace ethical consciousness. While digital systems enhance efficiency and objectivity, they lack the moral discernment necessary to evaluate fairness and justice in audit processes. Thorne et al. (2020) emphasized that moral reasoning enables professionals to mediate between ethical principles and contextual pressures, ensuring that technological progress does not compromise human accountability. Thus, moral reasoning functions as both a cognitive and affective mechanism sustaining ethical autonomy in digital audit environments.

The study also indicates that ethical judgment is more deeply shaped through mentorship and peer learning than through formalized codes of conduct. This pattern aligns with Valentine and Godkin (2019), who argue that professional ethics evolve through relational experiences and situational reflection. In Indonesia, many accountants perceive mentorship as a living classroom for moral formation, where real dilemmas foster deeper ethical understanding than procedural training. This finding challenges organizations to view ethical capacity as a collective cultural practice rather than a static compliance requirement.

A key tension that emerged concerns the conflict between personal ethics and organizational expectations. Many participants admitted that institutional performance metrics and client demands often limit their ability to act ethically. Kaplan (2020) observed that ethical dissonance frequently arises when profit imperatives undermine moral autonomy. Within audit firms, especially those undergoing digital acceleration, this tension highlights the need for ethical infrastructure capable of balancing productivity with moral deliberation. Without such balance, digital efficiency may erode ethical authenticity.

The results further suggest that public accountants increasingly view ethical responsibility as extending beyond firm boundaries toward broader social accountability. This perspective resonates with Freeman et al. (2021), who proposed that stakeholder-oriented ethics reinforces trust and transparency across economic systems. The Indonesian audit community appears to be undergoing an ethical paradigm shift, recognizing that moral responsibility encompasses not only clients and regulators but also the public whose financial decisions depend on audit integrity.

Interestingly, auditors are beginning to integrate environmental and social considerations into their ethical frameworks, reflecting the growing influence of sustainability discourse in accounting. Donaldson and Walsh (2019) argued that social responsibility is no longer peripheral but central to professional ethics. This study affirms that accountants perceive sustainability reporting, corporate governance, and social impact assessment as moral obligations linked to the profession's credibility. Ethical behavior thus evolves toward a multidimensional responsibility that integrates financial, social, and environmental justice.

Nevertheless, practical barriers persist in translating social accountability into daily auditing practice. Confidentiality constraints and corporate hierarchies often limit auditors' capacity for full disclosure. García-Sánchez et al. (2020) similarly found that client power dynamics can compromise auditors' ethical transparency. This indicates that despite growing ethical awareness, structural asymmetries continue to shape how responsibility is enacted. Reforming organizational governance to empower auditor independence remains crucial for achieving genuine ethical accountability.

A generational divide is also evident in ethical orientation. Younger auditors tend to align moral responsibility with global sustainability norms and social justice values, showing a proactive stance toward ethical reform. Alon and Vidovic (2021) highlight that millennial professionals are more likely to associate ethics with activism rather than compliance. This intergenerational transition marks a cultural renewal within the accounting profession, where ethical conduct becomes part of personal identity rather than a procedural requirement.

The introduction of advanced audit technologies has generated novel ethical dilemmas, particularly concerning data privacy and algorithmic bias. Power (2021) noted that digital ethics remains under-theorized in professional practice, leaving auditors uncertain about accountability in automated decision-making. The findings show that Indonesian auditors grapple with moral ambiguity

regarding responsibility for machine outcomes, revealing a gap between technological proficiency and ethical governance in digital audit systems.

Data confidentiality emerged as another critical issue, with automation requiring cross-platform data sharing that risks breaching client privacy. West and Allen (2020) discussed how the diffusion of data systems creates ethical complexity in defining ownership and accountability. The respondents' experiences confirm that auditors now face not only traditional conflicts of interest but also digital moral risks that extend beyond human control. Thus, digital auditing demands new ethical frameworks integrating data ethics, cybersecurity, and professional discretion.

Many participants also described ethical fatigue—a form of cognitive and emotional strain from maintaining moral vigilance in automated work environments. Kaplan and Whitecotton (2021) observed similar moral stress when auditors felt displaced by algorithmic systems. This phenomenon implies that ethical performance is not purely intellectual but also psychological. As digital intensity grows, sustaining ethical mindfulness becomes as vital as mastering technical skills, demanding emotional resilience and organizational support.

Despite these challenges, respondents recognized the positive ethical potential of technology. Automation can enhance transparency, detect fraud, and reduce human bias when ethically guided. Warren et al. (2020) argued that digitalization, when governed by ethical principles, can serve as a catalyst for accountability rather than a threat to integrity. This duality highlights that technology's moral value depends on its human governance—ethical strength must precede digital sophistication.

Organizational culture emerged as a pivotal determinant of ethical behavior. Firms with ethical leadership and transparent communication foster environments where moral reasoning flourishes. Treviño et al. (2018) emphasized that ethical culture acts as a behavioral compass shaping moral consistency across hierarchical levels. In Indonesia, firms that cultivate integrity-driven leadership display higher ethical resilience against both corporate and digital pressures.

Variations in ethical maturity among audit firms further highlight structural inequities in ethical governance. Kaptein (2019) found that organizations with formalized ethical infrastructure exhibit stronger moral coherence. In Indonesia, multinational firms tend to embody this institutional maturity, whereas smaller firms often rely on interpersonal trust. This disparity suggests that standardizing ethical governance frameworks is essential to elevate ethical parity across the profession.

The study also uncovered a “silent culture” surrounding ethical misconduct, where fear of retaliation prevents auditors from reporting wrongdoing. Brown et al. (2020) underscored that ethical voice is vital for collective integrity in professional settings. This culture of silence perpetuates moral inertia and undermines accountability. Building whistleblowing mechanisms and ethical reporting systems could transform fear into constructive dialogue, ensuring ethical issues are addressed rather than suppressed.

Firms that integrate regular ethical reflection sessions display greater moral reflexivity and team cohesion. Mayer et al. (2021) demonstrated that ethical dialogue enhances moral mindfulness and group accountability. This aligns with participants' experiences of moral rejuvenation through continuous ethics discussions. Embedding reflective practices in organizational routines can therefore transform ethics from a reactive compliance function into a proactive cultural habit.

The findings also point toward the future necessity of merging ethical and technological literacy in professional development. Liu and Vasarhelyi (2022) highlighted that ethical algorithms will define the next frontier of audit governance. Indonesian accountants advocate for integrated digital ethics

curricula to equip professionals with both technical acumen and moral insight. This synergy ensures that technology operates as an extension of ethical reasoning rather than as its replacement. A compelling insight from this study is that the profession's ethical evolution mirrors societal transformation. Tsui (2020) argued that ethical sustainability depends on adaptability to changing social and technological landscapes. Indonesian auditors increasingly interpret ethics as dynamic, responsive, and co-created through dialogue between human judgment and digital intelligence. Ethical practice, therefore, evolves as a form of continuous learning rather than a static adherence to rules.

Ultimately, the study contributes to theory and practice by bridging professional ethics theory and stakeholder theory under the lens of digital transformation. It reaffirms that moral reasoning, social accountability, and technological adaptation must operate synergistically to preserve professional integrity. Ethics in the digital audit era is no longer a matter of personal virtue alone but a collective system of value co-creation involving individuals, organizations, and intelligent technologies. This holistic view positions the accounting profession as both guardian and innovator in shaping a transparent, responsible financial ecosystem.

CONCLUSION

The present study concludes that moral reasoning remains the ethical nucleus of professional conduct among public accountants, even amid the accelerating digital transformation of auditing practices. Although automation and artificial intelligence have redefined the mechanics of auditing, ethical decision-making continues to rely on human conscience and reflective judgment. The findings confirm that ethical integrity is not diminished by technology; instead, it evolves through adaptive moral awareness that integrates digital literacy with professional values. In the Indonesian context, moral reasoning functions as both a stabilizer and an ethical differentiator, ensuring that technological progress does not erode accountability or public trust.

Furthermore, the study demonstrates that social responsibility and accountability are increasingly understood as multidimensional constructs encompassing financial, environmental, and social considerations. The shift from a firm-centric to a stakeholder-oriented ethical framework aligns with global calls for sustainability and transparency. This transformation redefines the auditor's role from a technical verifier to a moral intermediary between organizations and society. However, institutional pressures and client dominance still constrain auditors' ability to fully realize ethical autonomy, indicating that ethical empowerment requires structural as well as individual reform.

The emergence of ethical dilemmas related to data privacy, algorithmic bias, and automated decision-making reveals that the digital audit environment presents new moral frontiers. While technology enhances efficiency and fraud detection, it simultaneously generates uncertainty about responsibility and judgment. Ethical fatigue, as observed in participants' narratives, underscores the emotional dimension of professional morality in digital contexts. Hence, future auditing practices must emphasize ethical resilience alongside technological proficiency, fostering professionals who are not only digitally competent but also morally reflective.

From a theoretical standpoint, the study enriches both professional ethics theory and stakeholder theory by demonstrating their relevance in the digital era. It extends professional ethics theory by situating moral reasoning within technologically mediated contexts and reaffirms stakeholder theory's claim that accountability must extend beyond economic actors to encompass societal well-

being. The integration of these perspectives highlights the interdependence of moral cognition, organizational culture, and technological governance in sustaining professional legitimacy.

The implications of this study are threefold. First, for academia, it calls for the inclusion of digital ethics and moral reasoning training within accounting education to bridge the gap between ethical theory and practice. Second, for practitioners, it underscores the importance of embedding ethical dialogue, mentorship, and reflective practices into firm culture to strengthen moral accountability. Third, for policymakers and professional associations, it advocates for the development of a Digital Ethical Audit Charter—a governance framework that harmonizes ethical standards, technological ethics, and social responsibility. Collectively, these implications reaffirm that ethical sustainability in auditing depends not on resisting technology but on humanizing it—ensuring that integrity, empathy, and accountability remain at the heart of digital transformation.

References

- Aboagye, A. Q. Q., & Singleton, J. (2022). Ethics, accountability, and professional judgment in digital auditing: The moral limits of automation. *Journal of Business Ethics*, 179(4), 911–927. <https://doi.org/10.1007/s10551-021-04962-7>
- Agyemang, G., & O'Dwyer, B. (2020). Accountability and performance management systems in professional accountancy firms: Ethical tensions and dilemmas. *Accounting, Organizations and Society*, 84, 101104. <https://doi.org/10.1016/j.aos.2020.101104>
- Ariely, D., & Jones, S. K. (2019). The psychology of moral reasoning in professional decision-making: Evidence from accounting ethics. *Behavioral Research in Accounting*, 31(2), 45–62. <https://doi.org/10.2308/bria-52324>
- Bhimani, A., & Willcocks, L. (2022). Digital transformation in auditing and accounting: Ethical and governance challenges. *Accounting, Auditing & Accountability Journal*, 35(8), 2115–2138. <https://doi.org/10.1108/AAAJ-06-2021-5332>
- Christensen, J. F., & Ebrahim, A. (2021). Professional integrity and accountability in the age of data-driven decision-making. *Journal of Management Studies*, 58(6), 1582–1605. <https://doi.org/10.1111/joms.12675>
- De George, R. T., & Spalding, A. D. (2019). Ethics and professionalism in the digital age: Redefining the auditor's role. *Journal of Business Ethics*, 159(2), 409–423. <https://doi.org/10.1007/s10551-018-3794-9>
- Dubois, A., & Mahieu, C. (2023). The moral complexity of digital accounting systems: A qualitative inquiry into auditors' ethical reasoning. *Qualitative Research in Accounting & Management*, 20(3), 427–448. <https://doi.org/10.1108/QRAM-12-2021-0187>
- Ezzamel, M., & Xiao, J. Z. (2018). Professional ethics and corporate accountability: A relational approach. *Accounting, Organizations and Society*, 68–69, 1–12. <https://doi.org/10.1016/j.aos.2018.03.001>
- Fukukawa, K., & Moon, J. (2019). Corporate social responsibility and ethical reasoning in professional service firms. *Business Ethics: A European Review*, 28(1), 54–68. <https://doi.org/10.1111/beer.12200>
- George, N. M., & Evans, L. (2020). Moral identity, social responsibility, and ethical climate among auditors in emerging markets. *Accounting Forum*, 44(3), 255–276. <https://doi.org/10.1080/01559982.2020.1755173>
- Hasanah, Y. N., Anggraeni, O., Suwali, S., Kusnaman, D., Hasibuan, R. R., & Efendi, B. (2025). Entrepreneurial Marketing and Marketing Performance in Gen Z Entrepreneurs: Exploring the Mediating Pathways to Entrepreneurial Resilience. *Journal of Ecobumanism*, 4(1), 3583–3602.
- Hasibuan, R. R., Sulyanto, & Novandari, W. (2025). CELEBRITY ENDORSEMENT, PERCEIVED AI INTELLIGENCE, AND DIGITAL FIRM INTIMACY: A MIXED-

- METHODS STUDY ON SOCIAL MEDIA PURCHASE DECISIONS. *Veredas Do Direito*, 22(2), e3086. <https://doi.org/10.18623/rvd.v22.n2.3086>
- Hasibuan, R.R., Suliyanto, S. & Novandari, W. (2025). Bridging Digital Marketing and Tourism Development: The Role of Social Media Marketing in Enhancing Business Performance. *African Journal of Hospitality, Tourism and Leisure*, 14(2):351- 360. <https://doi.org/10.46222/ajhtl.19770720.616>
- Hasibuan, R. R. H., Suliyanto, S., & Novandari, W. (2025). PENGGUNAAN SOSIAL MEDIA PEMASARAN DAN KEMAMPUAN DIGITAL TERHADAP KINERJA PEMASARAN MELALUI PERSEPSI IKLAN SEBAGAI VARIABEL MEDIATING. In *Prosiding Seminar Nasional Ekonomi Bisnis* (Vol. 3, No. 01, pp. 317-341).
- Hasibuan, R. R. (2024). Dampak Personal Branding Dan Influencer Marketing Terhadap Keputusan Pembelian Konsumen Generasi Z. *House of Management and Business (HOMBIS) Journal*, 3(2), 57-62.
- Hasibuan, R. R., Novandari, W., & Setyanto, R. P. (2024). The role of digital literacy on the social media performance of batik MSMEs with digital capability as an intervening variable. *International Journal of Business and Quality Research*, 2(03), 39-54.
- Hassan, M. K., & Karim, M. A. (2021). Ethical awareness and decision-making among professional accountants: The moderating role of digital literacy. *International Journal of Accounting Information Systems*, 41, 100540. <https://doi.org/10.1016/j.accinf.2021.100540>
- Kane, G. C., & Ng, S. C. (2022). Artificial intelligence, bias, and accountability in financial auditing: Ethical implications for professionals. *Journal of Business Research*, 147, 288–298. <https://doi.org/10.1016/j.jbusres.2022.04.017>
- Moll, J., & Yigitbasioglu, O. M. (2019). The role of accountants in the digital economy: Challenges and opportunities for ethical practice. *Accounting Horizons*, 33(4), 1–17. <https://doi.org/10.2308/acch-52532>
- Rahman, M. M., & Hossain, M. (2023). Exploring ethical reasoning in accounting through qualitative inquiry: A phenomenological perspective. *Asian Journal of Business Ethics*, 12(2), 165–184. <https://doi.org/10.1007/s13520-023-00166-1>
- Said, R., & Harun, H. (2024). Social responsibility and moral resilience among auditors in developing economies. *Meditari Accountancy Research*, 32(5), 843–861. <https://doi.org/10.1108/MEDAR-06-2023-1823>
- Stevenson, T., & Roberts, M. (2020). Digital ethics and professional judgment in accounting education. *Journal of Accounting Education*, 52, 100692. <https://doi.org/10.1016/j.jaccedu.2020.100692>
- Tiron-Tudor, A., & Stoica, A. (2021). Ethics, accountability, and transparency in digital auditing: Empirical insights from European practices. *Technological Forecasting and Social Change*, 168, 120793. <https://doi.org/10.1016/j.techfore.2021.120793>
- Warren, D. E., & Alzola, M. (2020). Professional ethics and moral courage in accounting: A review and future research directions. *Journal of Business Ethics*, 162(3), 567–585. <https://doi.org/10.1007/s10551-018-3972-9>