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MODERATION OF MORAL IDENTITY IN ETHICAL JUDGEMENT AND MORAL INTENTION ACCOUNTING STUDENTS

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Abstract:

This study aims to determine the factors influencing ethical judgment and moral intentions (such as gender, perceived moral intensity, and perceived moral culture) with moral identity as a moderator. This study uses a survey method for data collection. The research respondents were 169 Hayam Wuruk Perbanas University accounting students who had taken auditing courses. The data analysis technique of this research uses SEM-PLS. The research results show that (1) ethical judgment is only influenced by perceived moral culture. Conversely, moral intentions can be influenced by gender, perceived moral intensity, perceived moral culture with moral intentions, and moral identity. Unfortunately, this research cannot prove the influence of ethical judgments on moral intentions. (2) Moral identity can be a moderator of the influence of perceived moral intensity on moral intentions and the influence of perceived moral culture on ethical judgment. This finding has implications for universities to provide a learning process about cases of ethical dilemmas in ethics courses and competency courses such as auditing practice.

Keywords: Moral identity, Ethical judgment, Moral intention, Accounting Students

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INTRODUCTION

Ethical considerations are necessary for corporate governance, especially in solving business problems. Decision-making in business should not only be assessed in terms of profits but also meet ethically correct criteria (Fery, 2021). Ethical considerations are related to judging from a moral point of view whether or not the various choices of actions arise (Suliani & Marsono, 2010). In the theory put forward by Rest (1986), ethical considerations are an essential stage of an ethical decision-making process. The ethical dilemmas faced by individuals can bring up various choices of considerations that can direct individuals in forming intentions to behave then. Considerations that prioritize ethics will encourage individuals to have good moral intentions.

Ethical actions from business people only appear slowly; it needs a learning process that can be started by attending formal education. As accounting students as prospective professional accountants and later become business people, it is essential to be equipped to make ethical decisions (Apriyana & Puspita, 2018). Learning case studies about the description of ethical dilemmas faced by an accountant are proven to be able to increase the good moral intentions of accounting students. Therefore, this research is motivated to investigate what factors can influence accounting students' ethical judgment and moral intentions.

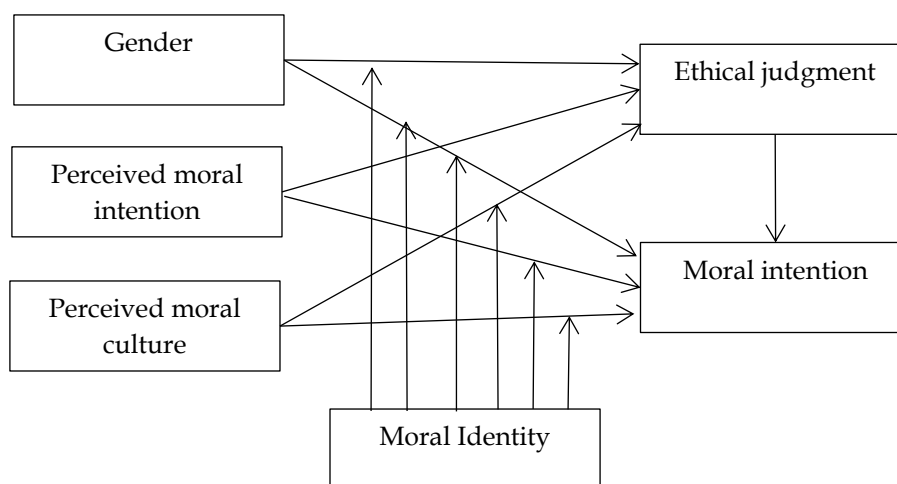
Previous studies that have investigated the ethical considerations and moral intentions of accounting students include Yusnaini & Meirawati (2023), Apriyana & Puspita (2018), and Pierce & Sweeney (2010). Yusnaini & Meirawati's study (2023) found that perceived moral intensity is directly and significantly related to ethical judgment and moral intention. In addition, they also found a

relationship between ethical judgment, moral intention, and ethical behavior. The research results of Apriyana & Puspita (2018) show that moral intensity, as measured in perceived overall harm and perceived social pressure, affects accounting students' ability to make moral judgments. Pierce & Sweeney (2010) examined C.A. professional program students and found that gender-perceived moral intensity and perceived moral culture mutually influence ethical decision-making.

The presentation of the results of previous research shows that there are still research gaps. Nawfel & Xiang (2021) argue that several previous studies have investigated accountants' ethical decision-making only considering individual, contextual, and situational factors. Even though there is still a crucial factor in making ethical decisions for an accountant, namely moral identity, moral identity comes from the conception of moral psychology, which shows the importance of morality for a person (Hardy & Carlo, 2011) and can provide moral encouragement to individuals (Aquino et al., 2009). Based on these reasons, this study adds moral identity as a moderator between gender variables, perceived moral intensity, perceived moral culture, ethical judgment, and moral intention. Thus, the research problem formulation is: Can gender influence ethical judgment and moral intentions?

- A. Can perceived moral intention influence ethical judgment and moral intention?
- B. Can perceived moral culture influence ethical judgment and moral intention?
- C. Can moral identity affect ethical judgment and moral intention?
- D. Can moral identity moderate the influence of gender on ethical judgment and moral intention?
- E. Can moral identity moderate the effect of perceived moral intention on ethical judgment and moral intention?
- F. Can moral identity moderate the effect of perceived moral culture on ethical judgment and moral intention?
- G. Can ethical judgment affect moral intention?

Based on the background description and formulation of the problem above, the conceptual framework can be described as follows.



Source: Author 2023

Figure 1. Research Framework

METHODS

This research is included in the type of quantitative research. Based on the objectives, this research is categorized as associative research, which analyzes the relationship between a variable

and other variable (Ulum et al., 2021, p. 102). This study wants to examine the effect of gender (X1), perceived moral intensity (X2), and perceived moral culture (X3) on ethical judgment (Y1) and moral intention (Y2) with moral identity (M) as a moderator. The sample of this study were students majoring in accounting at Hayam Wuruk Perbanas University who met the criteria, namely having taken Auditing, Auditing Practice, or Information Systems Auditing courses. Data collection was carried out by distributing research questionnaires (paper-based). The questionnaire compiled refers to the research by Pierce & Sweeney (2010) and Nawfel & QingXiang (2021). The data analysis technique of this study uses the Partial Least Square-Structural Equation Model (PLS-SEM) with the stages of testing: (1) composite reliability, (2) convergent validity, (3) discriminant validity, (4) collinearity, and (5) evaluation model.

RESULT AND DISCUSSION

Descriptive Statistics. Respondents to this study were 169 students at Perbanas University of Hayam Wuruk who met the sample criteria. However, five people still needed to complete the research questionnaire, so 164 data were processed. Table 1 presents descriptive statistics from the respondents' demographic data. Respondents' ages ranged from 19 to 24 years. Respondents are undergraduate and diploma accounting students. The majority of respondents are aged 21-22 years with a GPA of more than 3.51.

Table 1. Result of Descriptive Statistics

Demographic Data	Category	Frequency	Percent
Age	19-20 years	13	7.9%
	21-22 years	140	85.4%
	23-24 years	11	6.7%
GPA	Less than 3.00	4	2.4%
	3.01-3.50	30	18.3%
	More than 3.51	130	19.3%
	Total	164	100%

Source: Data Processed 2023

Measurement model results. Table 2 shows the results of the composite reliability test and convergent validity. The minimum composite reliability value in PLS-SEM analysis must exceed 0.7 (Hair et al., 2014), and convergent validity can be seen from the loading factor value > 0.7 and the results of Average Variance Extracted (AVE) > 0.5 (Hair et al., 2017). There are six items (X2.2.1, X2.2.2, X2.3.3, X2.3.4, X2.3.5, X2.3.6) that are not reliable in measuring perceived moral intensity and two items (X3.1.1, X3.1.2) which are not reliable in measuring perceived moral culture because the loading factor value is below 0.7. Therefore, unreliable items are removed. After removing these items, the Composite Reliability (C.R.) was all above 0.7, and the Average Variance Extracted (AVE) was all above 0.5 (see Figure 1).

Table 2. Result of Reliability and Validity Test

Variable	Ccategory	F. loading	C.R	AVE
Gender (X1)	Male (code: 1); Female (code: 2)	1.000		
Perceived moral intensity (X2)	Social consensus (X2.1):		0.873	0.390
	X2.1.1	0.787		
	X2.1.2	0.768		
	X2.1.3	0.842		

	Temporal immediacy (X2.2):			
	X2.2.1	0.568		
	X2.2.2	0.533		
	The Magnitude of Consequences (X2.3):			
	X2.3.1	0.719		
	X2.3.2	0.729		
	X2.3.3	0.308		
	X2.3.4	0.328		
	X2.3.5	0.343		
	X2.3.6	0.630		
Perceived moral culture (X3)	Tone at the top (X3.1):		0.719	0.412
	X3.1.1	0.234		
	X3.1.2	0.333		
	Pressure (X3.2)			
	X3.2.1	0.725		
	X3.2.2	0.801		
	X3.2.3	0.853		
Ethical judgment (Y1)	Y1.1	0.952	1.003	0.809
	Y1.2	0.846		
Moral intention (Y2)	Y2.1	0.960	0.920	0.902
	Y2.2	0.939		
Moral identity (M)	M1.1	0.946	0.934	0.864
	M1.2	0.930		
	M1.3	0.912		

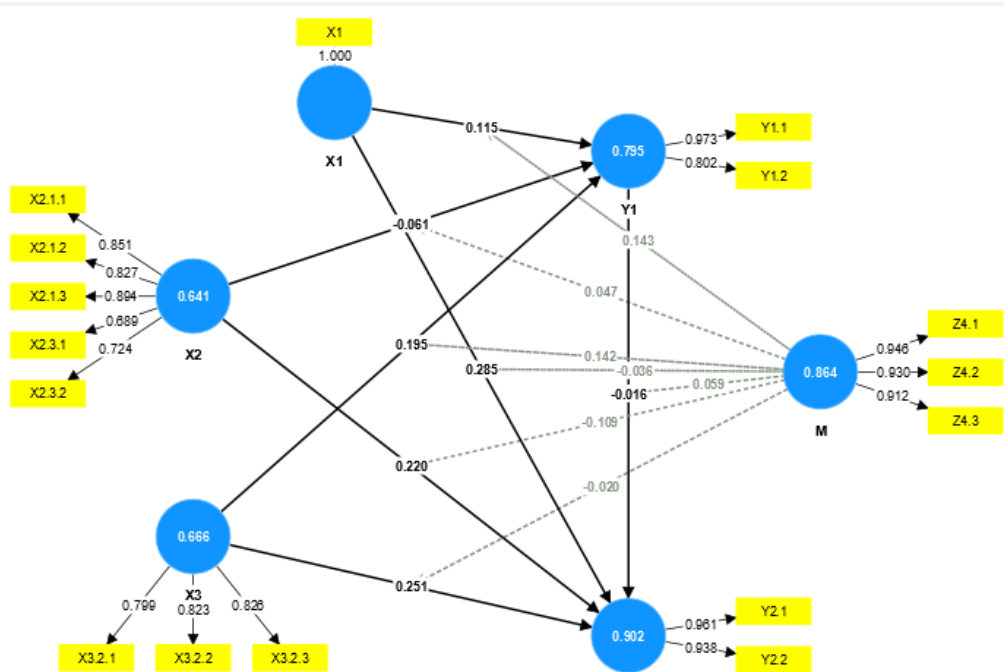
Source: Data Processed 2023

The next test is discriminant validity to ensure that the reflective construct has the strongest relationship with the indicator itself; the HTMT ratio is expected to obtain a value below 0.90 (Henseler et al., 2015). Table 3 shows all Heterotrait-monotrait ratio (HTMT) values below 0.85; therefore, discriminant validity can be accepted.

Table 3. Discriminant Validity Analysis

Variables	X1	X2	X3	Y1	Y2	M.Y1	M.X3	M.X2	M.X1
X1	0.148								
X2	0.622	0.225							
X3	0.680	0.198	0.445						
Y1	0.154	0.034	0.143	0.178					
Y2	0.610	0.274	0.550	0.622	0.136				
M.Y1	0.147	0.095	0.077	0.150	0.520	0.159			
M.X3	0.3	0.011	0.106	0.260	0.117	0.135	0.213		
M.X2	0.229	0.004	0.123	0.101	0.092	0.026	0.044	0.396	
M.X1	0.521	0.226	0.282	0.305	0.101	0.263	0.116	0.247	0.318

Source: Data Processed 2023



Source: Data Processed 2023

Figure 2. Measurement Model: Loading, Construct Reliability, and Convergent Validity

The results of collinearity testing and model evaluation can be seen in Table 4. The Variance Inflation Factor (VIF) in the proposed model is below 5. This indicates no collinearity. Table 4 below shows that the dependent variable in the ethical judgment (Y1) and moral intention (Y2) models has an R-value of 0.093 and 0.453, respectively. Chin (1998) recommends R2 values for endogenous latent variables based on: 0.67 (substantial), 0.33 (moderate), 0.19 (weak). The results of this study are seen from the value of R2; the ethical judgment model is weak and moderate for the moral intention model.

Table 4. Colinierity test and evaluation model

Variables	Y1	Y2
M	2.394	2.559
X1	1.107	1.124
X2	1.494	1.499
X3	1.553	1.617
Y1		1.462
M.Y1		1.414
M.X3	1.321	1.457
M.X2	1.273	1.278
M.X1	1.485	1.499
R-square	0.093	0.453
R-square adjusted	0.053	0.421

Source: Data Processed 2023

Hypotheses Testing. Hypothesis testing using SEM-PLS with 5000 bootstrap subsamples has been carried out. The summary of the results in Table 5 shows that eight hypotheses are accepted

and eight are rejected. The accepted hypothesis has a significance level of 5% (p-value below 0.05) or 10% (p-value below 0.1).

Table 5. Results of hypotheses testing

Relationship Between Variables	Hypotheses	Path Coefficient	P-value	Accept/Reject
Gender (X1) - Ethical judgment (Y1)	H1a	0.115	0.274	Rejected
Gender (X1) - Moral intention (Y2)	H1b	0.285	0.049*	Accepted
Perceived moral intensity (X2) - Ethical judgement (Y1)	H2a	-0.061	0.280	Rejected
Perceived moral intensity (X2) - Moral intention (Y2)	H2b	0.220	0.004*	Accepted
Perceived moral culture (X3) - Ethical judgement (Y1)	H3a	0.195	0.031*	Accepted
Perceived moral culture (X3) - Moral intention (Y2)	H3b	0.251	0.001*	Accepted
Moral identity (M) - Ethical judgment (Y1)	H4a	-0.351	0.001*	Accepted
Moral identity (M) - Moral intention (Y2)	H4b	0.313	0.000*	Accepted
Gender (X1).Moral identity (M) - Ethical judgment (Y1)	H5a	0.143	0.211	Rejected
Gender (X1).Moral identity (M) - Moral intention (Y2)	H5b	-0.036	0.418	Rejected
Perceived moral intensity (X2).Moral identity (M) - Ethical judgment (Y1)	H5c	0.047	0.274	Rejected
Perceived moral intensity (X2).Moral identity (M) - Moral intention (Y2)	H5d	-0.109	0.067**	Accepted
Perceived moral culture (X3).Moral identity (M) - Ethical judgment (Y1)	H5e	0.142	0.051**	Accepted
Perceived moral culture (X3).Moral identity (M) - Moral intention (Y2)	H5f	-0.020	0.392	Rejected
Ethical judgement (Y1) - Moral intention (Y2)	H6a	-0.016	0.407	Rejected
Ethical judgment (Y1).Moral identity (M) - Moral intention (Y2)	H6b	0.059	0.195	Rejected

Based on the test results regarding the level of construct reliability on variables, this study shows that only social consensus and the magnitude of consequences are considered reliable in measuring perceived moral intensity. Social consensus asks the extent to which respondents agree that audit cases are acceptable (although not liked) by superiors, other auditors, and the audit profession in general. The magnitude of consequences is only reliable in constructs that ask whether the actions chosen by the auditor in a case can be detrimental to the KAP and the stakeholders where the auditor works. In addition, this study proves that temporal immediacy is not reliably measured by two constructs that asking about the auditor's actions will impact short-term and long-term immediacy. For the variable perceived moral culture, measured using two indicators, namely tone at the top and pressure, only questions from pressure are considered reliable. The tone at the top needs to be revised, which asked about respondents' perceptions of how an organization's top management should make firm policies and set an example in applying professional ethics. These results prove that accounting students at the undergraduate or diploma level need to adequately

understand the conditions of action that can influence ethical considerations and moral intentions, especially regarding short/long-term consequences and the importance of tone at the top.

Next is a discussion of the results of hypothesis testing. The findings of this study indicate that as many as eight hypotheses are accepted, and eight hypotheses are rejected. Gender only influences moral intention but not ethical judgment. Like the test results, perceived moral intensity affects only moral intention but not ethical judgment. However, perceived moral culture and identity can influence ethical judgment and moral intention. This study also failed to prove that there is an effect of ethical judgment on moral intention.

The study results align with Suliani & Marsono (2010), which show that gender does not affect ethical judgment in accounting students. Ethical judgment is the ability to recognize the morally right thing to do (Apriyana & Puspita, 2018). Differences between men and women do not affect recognizing what is morally right or wrong for accounting students. However, this study supports the findings of Pierce & Sweeney (2010), which show that gender affects moral intention. The intention to do something moral from male or female students was different. Research by Pierce & Sweeney (2010) has proven that women have higher ethical intentions than men.

The findings related to perceived moral intensity experience differences and similarities in research findings with Yusnaini & Meirawati (2023). The results of this study indicate that perceived moral intensity only affects moral intention, not ethical judgment. Research by Yusnaini & Meirawati (2023) found that perceived moral intensity has an influence on both variables (ethical judgment and moral intention). The significant effect of perceived moral intensity on moral intention can be explained, namely, what students perceive about morality can influence their moral intentions in behaving. Pramesti & Wulanditya (2021) revealed that students with high morality tend to behave ethically. Whereas there is no significant effect of perceived moral intensity on the ethical judgment in this study, it can be caused by the measurement of perceived moral intensity, measured using social consequence and the magnitude of consequences, all of which only consider loss consequences. This weakens the perceived moral intensity component and does not affect decision-making (Singhapakdi et al., 1996).

Next is the discussion of research results, which reveal that perceived moral culture has a significant influence on ethical judgment and moral intention, as well as the moral identity, which has a significant influence on these two variables. Students perceive a moral culture shown by success as an accountant in overriding ethics; ethical attitudes are only an image, and business pressures that are more prioritized than the quality of work can influence how they consider the ethical level of an accountant's behavior and moral intentions. These findings support the research results of Pierce & Sweeney (2010), which state that perceived moral culture is a determining factor in ethical decision-making. Then, regarding the moral identity of this study, which chose to use the moral identity centrality approach, it significantly affected ethical judgment and moral intention. This variable shows how strongly students can internalize the moral traits described in the cases. This study's results align with the arguments of Neesham & Gu (2015), which state that moral identity can influence student ethical judgment, so paying attention to business ethics education is essential. This research also proved that moral identity can affect the intention to act morally (Aquino et al., 2009).

Moral identity is unable to moderate the effect of gender on ethical judgment or moral intention. The results of this study also show that the relationship between ethical judgment and moral intention cannot be moderated by moral identity. However, moral identity can moderate the relationship between perceived moral intensity and moral intention and the relationship between perceived moral culture and ethical judgment. As explained by Nawfel & Xiang (2021), the more

accountants perceive a situation with high moral intensity, the more they understand their moral identity, which impacts their intention to take moral action. However, research has yet to be done regarding the relationship between perceived moral culture and ethical judgment, which is strengthened by moral identity. This research proves that the higher the students' perception of moral culture and supported by a strong moral identity, the more it influences them to act ethically.

Some of the findings of this research imply that higher education institutions, through educators, need to pay attention to lecture material that can provide learning experiences on how to understand cases of ethical dilemmas and make ethically correct decisions. Learning about ethical attitudes or behavior should not only be included in ethics courses but also presented in courses related to accountant competence. Thus, students graduating from the accounting study program have been equipped with hard and soft skills that can make them accountants with adequate competence and ethics.

CONCLUSION

In answering the research objective, namely to find out the factors that influence ethical judgment and moral intention of accounting students (such as gender, perceived moral intensity, and perceived moral culture) with moral identity as a moderator, this study conducted a survey using a case study approach. The conclusions obtained include: First, ethical judgment is only influenced by perceived moral culture and moral identity, while moral intention can be influenced by all variables (gender, perceived moral intensity, perceived moral culture, and moral identity). Second, moral identity can moderate the effect of perceived moral intensity on ethical judgment and perceived moral culture on moral intention.

This research has limitations. The results of this study failed to prove that all indicators were declared reliable in measuring the perceived moral intensity and perceived moral culture, especially in the temporal immediacy and tone at the top constructs. This measurement is caused by the ability of accounting students who need help understanding the consequences of ethical dilemmas in companies. Therefore, this study suggests further research using experimental methods that can describe situations closer to the truth so that research subjects are more internalized. In addition, the use of accounting students as respondents should be selected from the master of accounting students and accounting profession programs (C.A.).

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