

## **Exploring Ethical Decision-Making in Accounting: The Mediating Role of Moral Judgment Among Professional Accountants**

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### **Abstrak**

Tujuan: Penelitian ini menyelidiki peran keterputusan moral dan efikasi diri moral dalam membentuk perilaku etis di kalangan mahasiswa akuntansi di sebuah universitas di Jakarta.

Desain Penelitian dan Metodologi: Data dikumpulkan dari 223 peserta menggunakan pengambilan sampel secara kebetulan, ukuran sampel yang dianggap memadai untuk analisis kuantitatif, dan kekuatan statistik yang cukup untuk mendeteksi hubungan yang bermakna. Data dianalisis menggunakan analisis regresi terarah (MRA) dengan JAMOVİ.

Temuan dan Diskusi: Hasilnya menunjukkan bahwa tingkat keterputusan moral yang lebih tinggi dikaitkan dengan standar etika yang lebih rendah. Sebaliknya, efikasi diri moral yang lebih tinggi adalah faktor pelindung, mengurangi efek buruk ini. Interaksi antara kedua konstruk tersebut mengungkapkan bahwa individu dengan efikasi diri moral yang tinggi menunjukkan ketahanan yang lebih besar terhadap dampak negatif dari keterputusan moral. Sebaliknya, mereka yang memiliki efikasi diri rendah lebih rentan.

Implikasi: Temuan ini menekankan pentingnya menangani keterputusan moral dan efikasi diri untuk mempromosikan pengambilan keputusan yang etis. Implikasi praktis menyarankan agar organisasi menerapkan intervensi yang terarah, seperti program pelatihan untuk mengurangi keterasingan moral dan inisiatif untuk meningkatkan efikasi moral, yang dapat mendorong ketahanan etis dan integritas dalam individu dan lingkungan kerja.

Kata Kunci : Pemisahan moral; Efikasi diri moral; Pengambilan Keputusan Etis (EdM).

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## Introduction

In today's rapidly evolving and interconnected world, the importance of ethical decision-making (EDM) is increasingly evident in both public and private sectors (Ciğeroğlu & Kulaç, 2019). The complexities of modern society—including diverse perspectives, technological advancements, and global interdependencies—require decision-makers to navigate ethical dilemmas with greater awareness and sensitivity (Kirsch, 2009). Ethical decision-making is vital as organizations confront corporate social responsibility, environmental sustainability, and social equity challenges. Ignoring these ethical considerations can result in serious consequences, including reputational damage, legal issues, and a loss of stakeholder trust. Therefore, establishing a strong ethical framework within organizations is both a moral obligation and a strategic necessity for ensuring long-term success and integrity (Maheshwari & Ganesh, 2006). Ethical decision-making is a crucial process that requires individuals and organizations to choose among various alternatives while adhering to established ethical principles. This process can be complex and influenced by several factors, including personal values—reflecting an individual's beliefs and moral compass—organizational culture, which consists of the shared values and practices within a workplace, and societal norms that dictate acceptable standards of behavior within a community (Nowak & Pereira, 2015). Ethical decision-making is crucial for maintaining public trust and ensuring accountability within organizations. In light of many corporate scandals and failures that have eroded confidence in business practices, organizations and their leaders have heightened expectations for transparency and ethical conduct. Stakeholders—customers, employees, investors, and the wider community—demand that organizations operate with integrity and adhere to ethical standards. This expectation shift highlights the importance of ethical decision-making as a fundamental aspect of effective leadership and organizational governance (Maheshwari & Ganesh, 2006). As a result, organizations must prioritize ethical considerations in their decision-making processes, creating a culture that encourages ethical behavior at all levels. By doing so, they enhance their credibility and reputation while contributing to a more sustainable and responsible business environment, ultimately benefiting society.

Moral disengagement, a cognitive process that allows individuals to justify unethical behavior, can significantly affect ethical decision-making (Detert et al., 2008; Dong et al., 2021; Moore, 2008). It enables individuals to act against their moral values without experiencing guilt or remorse. Moral disengagement can take various forms, including rationalization, dehumanization of victims, and diffusion of responsibility. When individuals engage in moral disengagement, they may convince themselves that their actions are acceptable or are not personally accountable for the consequences.

The relationship between moral disengagement and ethical decision-making presents several limitations that warrant further investigation. One significant gap in the literature is the need for more research on how various operational contexts within organizations affect this relationship. For instance, the dynamics of a high-pressure sales environment may differ markedly from those in a collaborative team setting, potentially influencing the extent to which moral disengagement occurs and impacting decision-making processes. Additionally, there is a pressing need for more comprehensive studies that explore how cultural factors and ethical training interact with moral disengagement across different regions and industries (Black et al., 2022; Valentine & Hollingworth, 2012). Research by Black et al. (2022) emphasizes the importance of understanding these interactions, as cultural norms and values can significantly shape individuals' perceptions of ethical behavior and moral responsibility. Moreover, much of the existing research has been conducted in Western contexts, particularly in Europe and America, which may introduce value and cultural biases when attempting to generalize findings to other regions, such as Asia. The cultural context can profoundly influence how moral disengagement manifests and how ethical

decision-making is approached. Therefore, conducting more cross-cultural studies that consider the unique cultural dimensions and ethical frameworks present in different societies is crucial.

Second, while some studies have explored interventions, such as secure attachment priming, to reduce moral disengagement, there is a significant need for further research on practical and scalable interventions that can be applied across different organizational settings. Current interventions often lack the breadth needed to address the diverse contexts in which moral disengagement occurs, limiting their effectiveness in real-world applications (Chugh et al., 2014). Furthermore, most existing research focuses on clear-cut ethical dilemmas where the right course of action is more prominent. This emphasis creates a gap in our understanding of moral disengagement in more complex scenarios, often called "right vs. right" situations. In these instances, individuals must navigate decisions that involve competing ethical principles, making it difficult to determine the most ethical course of action. For example, a manager may need help with the obligation to maximize profits for shareholders while ensuring employees' fair treatment (Botha & Freeman, 2023). Addressing this gap requires a nuanced exploration of moral disengagement in these intricate scenarios.

Third, the relationship between moral disengagement and ethical decision-making is indeed complex and necessitates the consideration of various moderating factors. One critical factor is moral self-efficacy, which encompasses both self-reflective and behavioral dimensions. Moral self-efficacy refers to an individual's belief in their ability to act ethically and make moral decisions, and it plays a significant role in moderating the effects of moral disengagement (Paciello et al., 2023). While previous studies, such as those by Paciello et al. (2023), have explored the moderating effect of self-moral efficacy on moral disengagement, there is a lack of literature regarding its direct impact on ethical decision-making. To address this gap, the present study comprehensively examines the relationship between self-moral efficacy and ethical decision-making. Specifically, this study investigates how self-moral efficacy interacts with moral disengagement to influence ethical decision-making processes.

### **Theoretical background**

Bandura's social cognitive theory (SCT), particularly the concept of moral disengagement, provides valuable insights into the connection between moral disengagement and ethical decision-making. SCT posits that a continuous interaction among personal factors, behavior, and environmental influences shapes moral behavior. Within this framework, individuals have self-regulatory mechanisms that guide their moral conduct and help them adhere to ethical standards. However, these mechanisms are not infallible; they can be selectively disengaged. This disengagement allows individuals to engage in unethical behavior without experiencing feelings of guilt or remorse. By rationalizing their actions or attributing responsibility to external factors, individuals can circumvent their moral self-regulation, leading to decisions that contradict their ethical beliefs. This dynamic highlights the complexity of moral decision-making. It underscores the potential for individuals to act unethically when their self-regulatory mechanisms are compromised (Khan et al., 2018; Liu et al., 2012; Luo & Bussey, 2023).

Moral disengagement is a cognitive process that enables individuals to rationalize or justify unethical behavior, allowing them to act in ways that contradict their moral beliefs without experiencing guilt or remorse. This theory posits that individuals can disengage from their moral standards, enabling them to commit immoral acts without experiencing guilt or self-censure. Moral disengagement encompasses various cognitive mechanisms that effectively deactivate moral self-regulation, increasing the likelihood of unethical decisions. By rationalizing their actions or shifting responsibility, individuals can distance themselves from the moral implications of their behavior, allowing them to act in ways that contradict their ethical beliefs without the accompanying emotional distress. This disconnection from moral standards

facilitates individual unethical choices. It can have broader implications for organizational culture, potentially fostering an environment where unethical behavior is normalized and accepted (Chen et al., 2022; Detert et al., 2008; Reynolds et al., 2014).

Individuals can use various mechanisms of moral disengagement to justify unethical behavior. They might rationalize their actions by claiming that such behavior is acceptable under certain circumstances, like thinking, "everyone is doing it," or believing that the ends justify the means. They may also shift responsibility for their actions to external factors or authority figures, such as arguing they were following orders from a superior (Detert et al., 2008; Reynolds et al., 2014).

Another aspect of moral disengagement is minimizing the consequences of one's actions. Individuals may downplay the harm caused by their behavior, leading them to believe that their unethical actions do not significantly impact others. This mindset can result in a lack of empathy and a diminished sense of responsibility for the outcomes of their actions. Furthermore, dehumanization plays a critical role in this process, as individuals may view the victims of their unethical behavior as less than human. This perspective makes it easier to justify harmful actions, such as a corporate executive overlooking the negative impact of layoffs on employees by viewing them merely as numbers on a balance sheet.

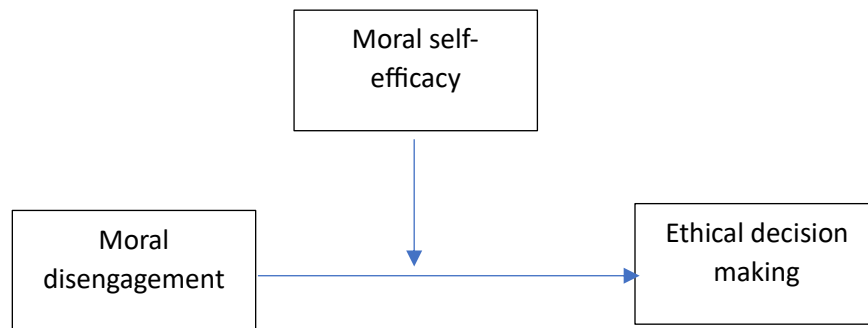
Moral disengagement allows individuals to bypass their internal moral compass, leading to decisions that contradict their ethical beliefs. This disconnection facilitates individual unethical choices and has significant implications for organizational culture and behavior. When moral disengagement becomes prevalent within an organization, it can create an environment where unethical practices are normalized, resulting in systemic issues such as corruption, fraud, and a toxic workplace culture. Organizations that fail to address moral disengagement may experience detrimental effects on employee morale, trust, and overall performance. Understanding the mechanisms of moral disengagement is crucial for developing strategies that promote ethical behavior and decision-making within organizations.

#### The relationship between moral disengagement and ethical decision making

Moral disengagement allows individuals to bypass their internal moral compass, leading to decisions that contradict their ethical beliefs. This disconnection facilitates individual unethical choices and has significant implications for organizational culture and behavior. When moral disengagement becomes prevalent within an organization, it can create an environment where unethical practices are normalized, resulting in systemic issues such as corruption, fraud, and a toxic workplace culture. Organizations that fail to address moral disengagement may experience detrimental effects on employee morale, trust, and overall performance. Understanding the mechanisms of moral disengagement is crucial for developing strategies that promote ethical behavior and decision-making within organizations.

#### The moderating role of moral self-efficacy on moral disengagement and ethical decision making relationship.

Ethical Decision-Making (EDM) involves recognizing ethical issues, making moral judgments, and acting in accordance with one's moral standards. Moral disengagement disrupts this process by allowing individuals to bypass their moral standards and engage in unethical behavior without self-condemnation (Luo & Bussey, 2023). Moral self-efficacy, which includes both self-reflective and behavioral aspects, plays an important moderating role in the relationship between moral disengagement and ethical decision-making. By improving individuals' ability to reflect on their past behaviors and regulate their future actions, moral self-efficacy helps mitigate the adverse effects of moral disengagement. As a result, this enhancement fosters more ethical decision-making processes (Paciello et al., 2023, 2025).



## Research Design and Methodology

### Research Design

This study adopts a quantitative research design to examine the relationships between moral disengagement, moral self-efficacy, and ethical decision-making among accounting students. A quantitative approach was selected to enable systematic measurement and analysis of the variables, which helps identify patterns and relationships. The study utilizes a cross-sectional survey method, which is appropriate for collecting data simultaneously to explore these associations (Hendryadi et al., 2019).

### Population and Sampling

The target population for this study comprises accounting students at a university in Jakarta. A convenience sampling method was employed to select participants, allowing for efficient data collection from readily available individuals within the population. The sample size for this study is 223 accounting students, which is considered adequate for quantitative analysis and provides sufficient statistical power to detect meaningful relationships between variables. Convenience sampling was deemed suitable, given the exploratory nature of the study and the accessibility of the target population.

### Data Collection

Primary data were collected through a structured questionnaire distributed to accounting students. The questionnaire was designed to measure the key variables of the study: moral disengagement, moral self-efficacy, and ethical decision-making. It included validated scales from previous research to ensure reliability and validity. Participants received clear instructions and were assured of the confidentiality of their responses. Data was collected online using a survey platform, facilitating efficient distribution and gathering of responses.

### Measurement of Variables

Moral Disengagement (MDE): Measured using a validated scale that assesses how individuals justify unethical behavior by disengaging from moral standards. Moral Self-Efficacy (MSE): Assessed using a scale

that evaluates individuals' confidence in their ability to adhere to moral principles and make ethical decisions. Ethical Decision-Making: Measured using a scale that captures participants' tendencies to make ethical choices in hypothetical scenarios. All scales used in the questionnaire were adapted from established instruments in prior research, ensuring their reliability and validity for the current study.

### Data Analysis

The collected data were analyzed using JAMOV software. Descriptive statistics summarized the sample's demographic characteristics and the variables' distribution. Inferential statistical techniques, such as correlation and regression analyses, were employed to examine the relationships among moral disengagement, moral self-efficacy, and ethical decision-making. Moderated regression analysis (MRA) was conducted to test the interaction effect of moral self-efficacy on the relationship between moral disengagement and ethical decision-making.

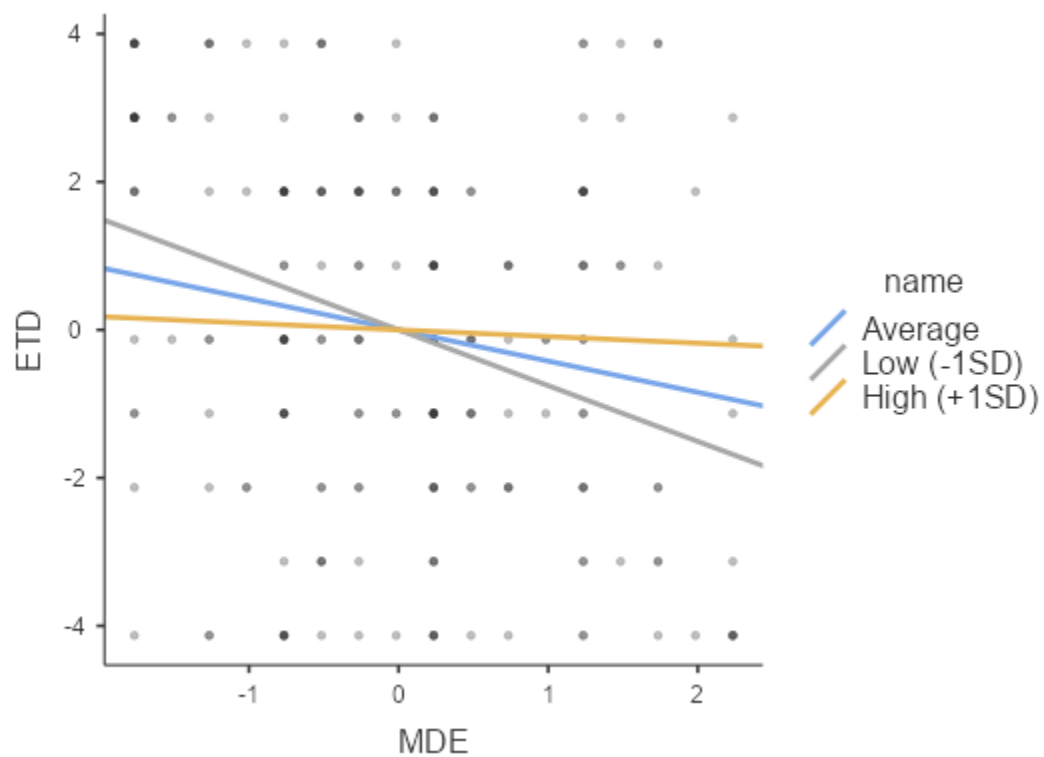
## Finding and Discussion

The results presented in the analysis reveal significant relationships between moral disengagement (MDE), moral self-efficacy (MSE), and their interaction regarding a dependent variable related to ethical or behavioral outcomes. The negative estimate for moral disengagement at -0.422, with a p-value of 0.003, indicates that higher levels of moral disengagement correlate with lower dependent variable values. This finding suggests that individuals who exhibit greater moral disengagement are likelier to engage in behaviors that diverge from ethical standards. Similarly, moral self-efficacy shows a more substantial pessimistic estimate of -0.585 with a p-value less than 0.001, indicating that as individuals perceive a decrease in their moral capabilities, they also tend to display lower ethical standards or behaviors (see Table 1).

Table 1. Moderation Estimates

	Estimate	SE	Z	p
MDE	-0.422	0.141	-2.98	0.003
MSE	-0.585	0.127	-4.61	< .001
MDE * MSE	0.282	0.109	2.59	0.010

Interestingly, the interaction between moral disengagement and moral self-efficacy, reflected in the positive estimate of 0.282 with a p-value of 0.010, indicates that the impact of moral disengagement on the dependent variable is moderated by moral self-efficacy. This means that while moral disengagement negatively affects ethical behavior, higher levels of moral self-efficacy can mitigate this effect. The simple slope estimates provide further insight into this relationship. At average levels of moral self-efficacy, the negative slope remains significant at -0.4218 ( $p = 0.003$ ), demonstrating that even typical levels of self-efficacy do not buffer against the adverse effects of moral disengagement. However, at low levels of moral self-efficacy, the slope becomes more pronounced at -0.7538 ( $p < 0.001$ ), indicating that individuals with lower moral self-efficacy are particularly susceptible to the adverse effects of moral disengagement. In contrast, the slope for individuals with high moral self-efficacy is -0.0898 ( $p = 0.646$ ). It is not statistically significant, suggesting that their ethical outcomes are mainly unaffected by moral disengagement.



**Figure 1. Simple Slope Plot**

Table 2. Simple Slope Estimates

	Estimate	SE	Z	p
Average	-0.4218	0.143	-2.947	0.003
Low (-1SD)	-0.7538	0.190	-3.959	< .001
High (+1SD)	-0.0898	0.195	-0.460	0.646

Note. shows the effect of the predictor (MDE) on the dependent variable (ETD) at different levels of the moderator (MSE)

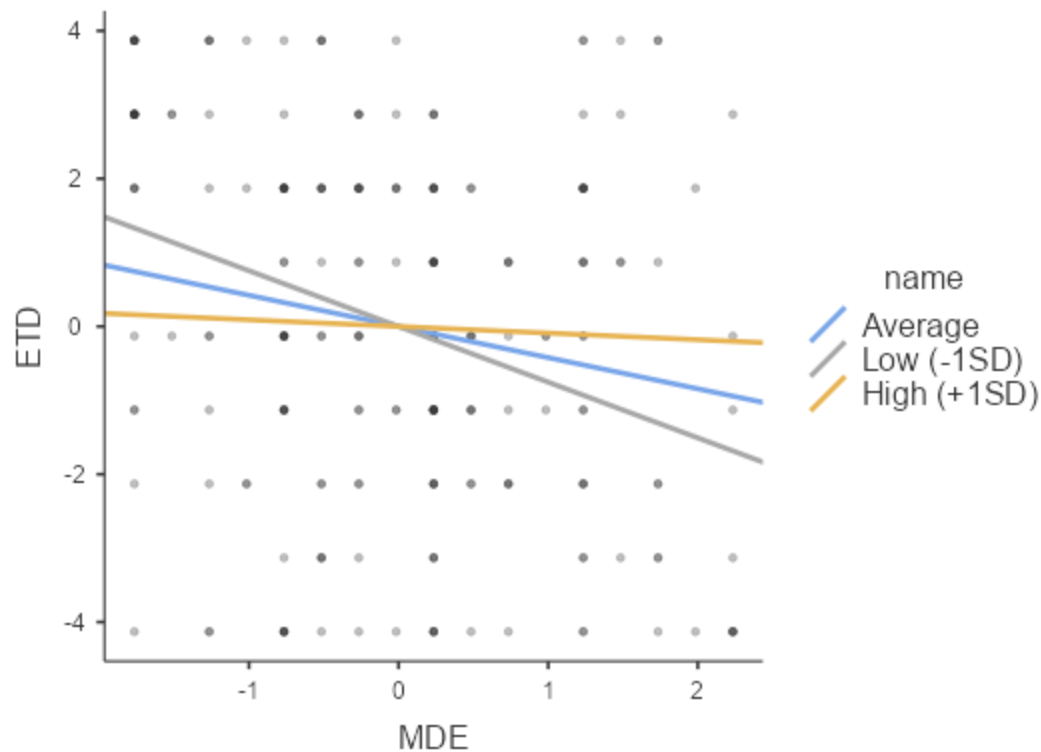


Figure 1. Simple Slope Plot

## Discussion

The results of this study offer valuable insights into the complex relationship between moral disengagement (MDE), moral self-efficacy (MSE), and their combined impact on ethical behaviors and outcomes. The findings indicate that higher levels of moral disengagement are linked to lower ethical standards and behaviors, as evidenced by the significant negative correlation between moral disengagement and the dependent variable. This aligns with previous research, which has consistently demonstrated that moral disengagement allows individuals to justify unethical actions by distancing themselves from the moral consequences of their behavior. The current study reinforces that moral disengagement is a significant barrier to ethical decision-making, indicating that individuals who disengage from moral standards are more likely to act in ways that deviate from ethical norms.

Similarly, the results underscore the crucial role of moral self-efficacy in influencing ethical outcomes. The stronger negative relationship observed for moral self-efficacy suggests that individuals less capable of adhering to moral principles are likelier to display lower ethical standards. This finding is consistent with prior studies that highlight the importance of self-efficacy in fostering moral resilience and ethical behavior. Individuals with higher moral self-efficacy are generally better equipped to navigate moral dilemmas and resist the temptation to disengage from ethical standards, even in challenging circumstances.

The interaction between moral disengagement and self-efficacy further enriches our understanding of these dynamics. The results indicate that moral self-efficacy serves as a moderating factor,



mitigating the adverse effects of moral disengagement on ethical outcomes. Specifically, individuals with high moral self-efficacy appear to be largely unaffected by moral disengagement, as their ethical behavior remains stable regardless of the level of disengagement. This finding emphasizes the protective role of moral self-efficacy, suggesting that it acts as a buffer against the detrimental effects of moral disengagement. In contrast, individuals with low moral self-efficacy are particularly susceptible to the harmful consequences of moral disengagement, exhibiting significantly lower ethical standards when levels of disengagement are high.

These findings have important practical implications for organizations and institutions promoting ethical behavior. First, interventions designed to reduce moral disengagement should be prioritized, given its significant role as a predictor of unethical behavior. Training programs that raise awareness of moral disengagement mechanisms and encourage individuals to take responsibility for their actions could be effective. Second, fostering moral self-efficacy should be a key focus, as it enhances ethical decision-making and mitigates the negative impact of moral disengagement. Strategies such as role-playing exercises, mentorship programs, and opportunities for moral reflection can help individuals build confidence in their ability to act ethically.

The relevance of these findings to previous studies is clear. The negative relationship between moral disengagement and ethical behavior aligns with research by Bandura (1999) and others, who have consistently illustrated the damaging effects of moral disengagement on moral reasoning. Similarly, the positive role of moral self-efficacy in promoting ethical behavior echoes findings from studies by Hannah et al. (2011) and Bandura et al. (1996), emphasizing self-efficacy's significance in moral development. The moderating effect of moral self-efficacy adds a new dimension to this body of literature, suggesting that interventions targeting both moral disengagement and self-efficacy could yield more effective outcomes.

## Conclusion

This study highlights the significant roles of moral disengagement and self-efficacy in shaping ethical behavior. It demonstrates that higher levels of moral disengagement are associated with lower ethical standards. In contrast, greater moral self-efficacy is a protective factor that reduces these adverse effects. The interaction between the two suggests that individuals with high moral self-efficacy are more resilient to the adverse impacts of moral disengagement. In contrast, those with low self-efficacy are particularly vulnerable. These findings align with and extend previous research, emphasizing the importance of addressing moral disengagement and self-efficacy to foster ethical decision-making. As a practical implication, organizations should implement targeted interventions, such as training programs to reduce moral disengagement and initiatives focused on building moral self-efficacy to promote ethical resilience and integrity within individuals and workplaces.

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