JURNAL TATA KELOLA DAN AKUNTABILITAS KEUANGAN NEGARA
Volume 11 Number 1, 2025: 65-79
p-ISSN 2460-3937
e-ISSN 2549-452X
https://jurnal.bpk.go.id/TAKEN

Ethics on the line: How obedience pressure shapes auditors' decisions

Eko Yulianto[1], Retna Sari[2]*

The Audit Board of the Republic of Indonesia, Jakarta, Indonesia[1]

Faculty of Economic and Business, Universitas Pembangunan Nasional "Veteran", Jakarta, Indonesia[2]

ABSTRACT

This study examines the influence of professional skepticism and obedience pressure on auditors' ethical formulation of audit opinions. Encompassing central and regional offices, 243 auditors from the Audit Board of Indonesia participated in this experimental study. In the scenario, a junior audit manager discovered a misstatement in fixed asset accounts; obedience pressure was simulated by imposing career advancement threats if the auditor did not ignore the error. Binary logistic regression was employed to predict the likelihood of issuing an unqualified audit opinion under different conditions. Obedience pressure significantly reduced ethical decision-making, with auditors more likely to follow superior orders even when such orders compromised ethical standards. In contrast, professional skepticism, as a standalone factor, did not significantly influence ethical decisions. However, its interaction with obedience pressure exhibited a marginal effect, implying that greater skepticism may somewhat mitigate the adverse influence of obedience pressure. These findings highlight the complex interplay between organizational influence and individual traits in auditing practices, as well as the ethical risks faced by professional auditors. The study's novelty lies in its use of practicing auditors as participants, in contrast to earlier research involving students or non-practitioners, allowing for a more realistic assessment of how skepticism operates in actual audit settings.

KEYWORDS:
Obedience pressure; professional skepticism; auditor's ethical decisions

HOW TO CITE:
Yulianto, E., & Sari, R. (2025). Ethics on the line: How obedience pressure shapes auditors' decisions. *Jurnal Tata Kelola dan Akuntabilitas Keuangan Negara*, *11*(1), 65-79. https://doi.org/10.28986/jtaken.v11i1.1851

*Corresponding author's
Email: eko.yulianto@bpk.go.id

ARTICLE HISTORY:
Received : 5 November 2024
Revised : 6 April 2025
Accepted : 22 April 2025
Published : 26 June 2025

INTRODUCTION

Decision-making is an essential part of the auditing process. Audit decisions have to be made at various stages, from planning to reporting audit results. Audit standards, such as the International Standards on Auditing published by International Auditing and Assurance Standards Board (IAASB), the Public Accountants Professional Standards by Institut Akuntan Publik Indonesia, and the State Financial Audit Standards by the Audit Board of The Republic of Indonesia (BPK), require auditors to be independent and free from threats when making decisions. Auditor decisions must be objective and based on professional judgment. An auditor's inability to meet these professional standards impacts audit implementation (Verwey & Asare, 2022) and quality (Yulianti et al., 2022), potentially resulting in audit failures that can damage an organization's reputation (Linthicum et al., 2010).

Despite the existence of these professional standards, studies show that auditors do not always make audit decisions independently and objectively (Pratama et al., 2018). Some researchers even argue that audit failures are more often attributable to auditors' psychological inability to maintain impartiality and objectivity rather than collusion between auditors and clients. In other words, auditors may not be able to perform their duties independently (Bazerman et al., 1997).

The auditing literature further indicates that auditors frequently encounter various job pressures that can compromise their independence and objectivity in making audit decisions (Lord & DeZoort, 2001). A common type of pressure is that from superiors, referred to as obedience pressure. This involves directives from superiors to subordinate auditors to engage in inappropriate actions during the audit assignment (Pratama et al., 2018; Suryarini et al., 2022). The studies reveal that auditors under obedience pressure tend to violate auditing norms and standards in their decision-making (Pratama et al., 2018), such as by engaging in premature sign-off (Faisal, 2007; Lord & DeZoort, 2001), creating budget slack (Davis et al., 2006; Hartmann & Maas, 2010), increasing commitment to failed projects (Chong & Syarifuddin, 2010), and managing earnings (Bishop, 2013). Auditors under obedience pressure may also justify their unethical decisions (Davis et al., 2006).

The literature reveals that auditors' decisions regarding collected evidence largely depend on their professional skepticism. Research shows that one of the contributing factors to audit failure is closely related to auditor skepticism (Beasley et al., 2013), where auditors with high skepticism tend to demonstrate more skeptical judgment (Hurtt et al., 2013). Auditors are expected to make decisions based on ethical standards. Auditor judgments and decisions are evaluated by the number of alternative explanations (to accounting discrepancies) considered and reduced reliance on management's explanations (Quadackers et al., 2014).

However, the combined effect of obedience pressure and professional skepticism on practicing auditors remains largely unknown. Notably, the research setting of this study indirectly responds to the call of Pratama et al. (2018), who studied challenges in audit judgment faced by auditors and determined the need for similar studies involving participants with actual auditing experience or practitioners confronting real-life ethical decision-making situations. Therefore, this study investigates the impact of professional skepticism and obedience pressure on auditors' ethical decision-making, particularly concerning the formulation of audit opinions. This experimental study involves auditors working in the central office and regional representative offices of BPK.

Consistent with previous research, authors find that obedience pressure negatively affects auditors' ethical decision-making in terms of audit opinion formulation. However, contrary to common scholarly expectations, results show that professional skepticism does not influence ethical

decision-making. Furthermore, the interaction between these two variables has only a minor impact on auditors' decisions. In other words, professional skepticism insignificantly mitigates the negative effects of obedience pressure on audit decisions.

This study primarily contributes to expanding the understanding of the impact of obedience pressure on public sector auditors and the role of professional skepticism in addressing this pressure. Public and private sector auditors experience obedience pressure in Indonesia differently due to distinct organizational contexts. Public sector auditors, such as those at BPK, are more prone to top-down institutional obedience pressure, while private sector auditors may be more influenced by commercial and client-based pressures. However, both contexts can compromise ethical decision-making if not properly managed. Additionally, this study has practical implications as it involves practicing auditors who routinely engage in real-world ethical decision-making.

Obedience Pressure

Obedience pressure is a social influence phenomenon in which individuals alter their behavior in response to direct orders or instructions from an authoritative figure (Coleman, 2006). Obedience differs from compliance, which refers to behavior changes due to peer influence, and conformity, which indicates behavior changes in alignment with group norms (Kassin et al., 2011).

Stanley Milgram's theory of obedience to authority, a significant contribution to social psychology, explores the extent to which individuals will alter their behavior to obey an authoritative figure, even when the instructions contradict their moral beliefs. Conducted in the 1960s, Milgram's research aimed to understand the psychological mechanisms underlying obedience, especially in light of the atrocities committed during World War II, where many claimed that they were simply following orders (Milgram, 1974).

Milgram's experiment involved participants who were told they were part of a study on learning and memory. Each participant assumed the role of a "teacher," while an actor (a confederate) played the "learner." The teacher was instructed to administer electric shocks to the learner for every incorrect answer given. The shocks were fake, but the participants were unaware of this. As the experiment progressed, the shocks increased in intensity, and the learner would act as though they were in severe pain, pleading for the experiment to stop.

Despite the learner's apparent distress, 65% of participants continued to the maximum voltage of 450 volts under pressure from an authoritative figure. Milgram concluded that people often enter an "agentic state," seeing themselves as instruments of authority and thus detaching from personal responsibility. The experiment sparked ethical controversy due to the psychological stress inflicted on participants, leading to more stringent ethical guidelines in research. Despite these concerns, Milgram's findings remain influential, elucidating the power of authority in shaping behavior and contributing to discussions on moral responsibility and obedience in various contexts, from military settings to organizational structures.

Research on auditor behavior under obedience pressure has confirmed the predictions of the theory of obedience to authority (Suryarini et al., 2022). This occurs because individuals under obedience pressure experience psychological detachment, ultimately making decisions that do not align with their core values. When responding to obedience pressure, individuals do not feel responsible for the consequences of their actions as they view themselves merely as agents executing their superior's orders (Davis et al., 2006).

Recent research in this field has further confirmed the detrimental impact of obedience pressure (Abdillah et al., 2020; Ainayah et al., 2017; Parastika & Wirawati, 2017; Pratama et al.,

2018; Sari & Ruhiyat, 2017; Surya & Dewi, 2019; Tanoto & Suputra, 2017; Wibhawa et al., 2020). Obedience pressure creates conflicts regarding auditor integrity and independence, influencing auditors' compliance or non-compliance with professional standards, norms, and values. This pressure may lead auditors to compromise their judgment and produce outcomes that align more with organizational demands than ethical auditing principles. Based on this understanding, it is hypothesized that auditors working under obedience pressure have a higher tendency to make unethical decisions compared with those working in the absence of obedience pressure (H1).

Professional Skepticism

The auditing literature generally describes professional skepticism as an essential attitude auditors must possess and apply to audit evidence. International Standards on Auditing 200 (IAASB, 2024) states, among other things, that professional skepticism involves a questioning mind, awareness of conditions that indicate potential misstatement due to error or fraud, and critical assessment of audit evidence.

Nelson (2009) developes a model of auditor skepticism that distinguishes between skeptical judgment and skeptical action. Skeptical judgment and action are both influenced by auditors' incentives, personal attributes, and knowledge. Incentives are factors that can strengthen (e.g., government regulations) or weaken (e.g., various pressures faced by auditors) audit quality. Personal attributes include problem-solving ability, ethical reasoning skills, and level of skepticism. Knowledge relates to auditors' ability to understand the implications of evidence on audit risk, which is shaped by experience and training. Skeptical judgment can translate into skeptical action when certain thresholds are reached. For example, if incentives related to budget, time pressure, colleagues, superiors, or clients are strong, skeptical actions may not materialize.

Subsequently, Hurtt (2010) developed a scale to measure auditors' level of professional skepticism. Hurtt argued that professional skepticism is an auditor trait that can be measured across six dimensions: a questioning mind, suspension of judgment, search for knowledge, interpersonal understanding, self-esteem, and autonomy. The first three characteristics relate to how auditors examine audit evidence, reflecting a willingness to search for and test audit evidence before making decisions. Auditors with high professional skepticism are willing to wait until they find persuasive evidence before reaching a judgment. These auditors continuously question whether the information obtained indicates a material misstatement due to fraud. A skeptical auditor will always dig deeper and strive to develop new arguments for each emerging question.

The fourth characteristic, interpersonal understanding, reflects auditors' consideration of human factors when evaluating evidence. This trait denotes auditors' ability to assess the motivation and integrity of those providing audit evidence. Auditors with high professional skepticism can identify events or conditions serving as incentives or pressures that may drive fraudulent actions, opportunities for fraud, and attitudes or rationalizations justifying fraud. Professional skepticism is significant in auditing as clients often have numerous incentives and opportunities to present misleading evidence or commit fraud. Skeptical auditors can recognize potential dishonest communication from clients.

The final two characteristics, autonomy and self-esteem, pertain to individuals' ability to act based on the information obtained. A skeptical auditor objectively evaluates whether the audit evidence sufficiently supports a judgment. An autonomous auditor demonstrates professional courage not only by critically testing and rejecting others' suggestions but also by proposing findings. Skeptical auditors will take all necessary steps to eliminate uncertainties or unanswered questions. They value client honesty and are less influenced by others' opinions or persuasions. To

some extent, skeptical auditors also possess self-esteem, reflecting confidence and resilience to external disruptions. In psychological research, self-esteem manifests as feelings of self-worth and belief in one's capabilities. Individuals with high self-esteem tend to resist persuasion and normative influences, valuing their judgment. Conversely, individuals with low self-esteem lack confidence in their assessments. Self-esteem helps auditors resist persuasive efforts and challenge others' assumptions also conclusions. Skeptical auditors often engage in face-to-face interactions and are willing to seek explanations from parties other than the evidence provider. Skeptical auditors require a level of self-esteem in order to take action and gather evidence that addresses concerns arising during audit assignments.

van Niew Amerongen et al. (2024) noted that testing the impact of skepticism is crucial, as foundational research suggests that certain personality types can withstand specific pressures. For instance, research suggests that skepticism helps auditors resist the effects of social pressure (Hurtt, 2010; McCrae et al., 2005; Nelson, 2009). Beasley et al. (2013) found that weak professional skepticism was the most common reason for auditor failure, leading to missed fraud detection. Thus, applying professional skepticism is crucial to audit quality. Chiang (2016) noted that a lack of professional skepticism can lead to failure in recognizing issues or taking action on identified problems.

The concept of professional skepticism has attracted widespread academic interest. A reason for this interest is large-scale accounting fraud, which has driven regulatory reform (Glover & Prawitt, 2014). Burnaby et al. (2011) found that professional skepticism contributed to risk assessment and the identification of fraud opportunities. Furthermore, professional skepticism significantly enhances the ability to detect fraud (Maulida & Novianti, 2023). Auditors with a skeptical attitude are more sensitive to potential fraud when evaluating audit evidence (Popova, 2013). Skepticism arises when there is doubt about the reliability of information obtained, prompting further investigation of that information (Hussin et al., 2017).

The level of professional skepticism is a crucial element in an auditor's role in overseeing financial reporting and the audit process, particularly for complex and forward-looking accounting estimates. This is because audit judgment guidelines tend to encourage the application of innovative audit procedures (Vera-Muñoz, 2015). Without professional skepticism, auditors may only detect misstatements caused by accident and struggle to identify those attributable to fraud, as fraud is often concealed by its perpetrators. Muttiwijaya and Ariyanto (2019) state that professional skepticism positively affects audit judgment. Therefore, it is hypothesized that auditors who demonstrate a high level of professional skepticism have a higher tendency to make ethical decisions compared with those with low professional skepticism (H2).

The Interaction Between Professional Skepticism and Obedience Pressure

The interplay between obedience pressure and professional skepticism is a critical area of inquiry because auditors frequently operate in environments where they must navigate hierarchical firm structures and client expectations while simultaneously adhering to professional standards that demand a skeptical approach. The ability of an auditor to maintain professional skepticism in the presence of obedience pressure is essential for upholding audit quality and ensuring the reliability of financial reporting.

Studies on the interactive effect of professional skepticism and obedience pressure have obtained mixed results. On the one hand, Pratama et al. (2018) found that while obedience pressure, professional ethics, and auditor independence significantly influenced audit judgment, skepticism did not exhibit a significant direct effect on this judgment and factors such as auditor independence

and ethical perceptions can help mitigate the adverse effects of obedience pressure on audit quality. On the other hand, Qumaini and Aligarh (2022) indicated that obedience pressure did not directly impact audit judgment. However, self-efficacy did, and professional skepticism acted as a mediator in this relationship. However, the study also found that obedience pressure did indeed have a significant negative impact on audit judgment. These varying results suggest that the relationship between obedience pressure, audit judgment, and professional skepticism might be complex and influenced by other variables.

Authors predict, however, that professional skepticism and obedience pressure will jointly influence auditors' ethical decisions because a higher level of professional skepticism should theoretically equip auditors to critically evaluate information and resist pressures that could compromise their judgment. Such a skeptical mindset should lead to a more thorough examination of evidence and a greater willingness to challenge management's assertions, even in the presence of obedience pressure. Thus, auditors with high professional skepticism are more likely to uphold ethical standards under obedience pressure. In contrast, those with lower skepticism may be more vulnerable to such pressure. Based on this reasoning, it is hypothesized that in situations involving obedience pressure, auditors with higher professional skepticism will demonstrate a greater tendency to make ethical decisions than those with lower skepticism (H3).

RESEARCH METHOD

This experimental study was conducted from July to August 2024 and involved 243 auditors from the central and regional representative offices of BPK. Participants were selected based on their availability and willingness to participate using a convenience sampling approach. They were invited to participate in this study through various BPK auditors' WhatsApp groups. Data collection was carried out using Google Forms, allowing participation from auditors across Indonesia. The sample size aligns with Roscoe's (1975) guideline, which recommends a sample size between 30 and 500 for research studies (Sekaran & Bougie, 2017).

The 243 respondents, 160 of whom were male and 83 female, had an average age of 40 and an average work tenure of 14 years. Notably, 107 individuals had degrees in accounting, and 136 had degrees in other fields. Additionally, the respondents held various job positions: 104 worked as junior auditors, 96 as assistant auditors, 33 as associate auditors, and one as a senior auditor. Furthermore, 113 respondents held professional certifications, whereas 130 did not have such a certification. Our analysis showed that gender ($p = 0.770$), work tenure ($p = 0.565$), educational background ($p = 0.635$), job position ($p = 0.720$), and auditor certification ($p = 0.385$) did not have a significant effect on the independent variables in our study.

The hypotheses were tested using RStudio. The authors employed binary logistic regression as the analysis aimed to predict the probability of an event with two categories (binary). This regression model is suitable for situations where the dependent (target) variable is categorical, with only two possible values, 0 and 1 (Hilbe, 2015).

RESULT AND DISCUSSION

The experiment was conducted by dividing the respondents into four groups based on obedience pressure (present or absent) and professional skepticism level (high or low). All groups

were provided with experimental material outlining the following scenario: a junior audit manager discovered a misstatement related to the presentation of fixed asset accounts; however, this junior manager was set to be promoted to a senior manager position upon completing the assignment. For the group of respondents under obedience pressure, the experimental material explained that the auditor had to ignore the misstatement caused by the inaccurate reporting of fixed asset accounts. If the auditor did not comply, they would not receive the promotion. All groups were also asked to complete the professional skepticism scale developed by Hurtt (2010). Based on this experimental setup, four respondent groups were obtained: (1) no pressure – low skepticism, (2) no pressure – high skepticism, (3) pressure – low skepticism, and (4) pressure – high skepticism. Participating auditors were randomly classified into the four groups: links to the Google Form were provided randomly to participants, each leading to different experimental material.

Authors found that professional skepticism scores ranged from 77 to 180 (median 139). Therefore, the two resulting groups were as follows: auditors with low professional skepticism, who scored 139 or below (126 individuals), and auditors with high professional skepticism, who scored above 139 (117 individuals). A total of 135 respondents chose the experimental material with no obedience pressure, and 108 chose the material with obedience pressure. Next, a 5-point Likert scale was used to record auditors' responses regarding materiality, the ethicality of superiors, and the dilemmas they faced in the presence of obedience pressure. The result is presented in Table 1.

Table 1. Respondents' Responses to Manipulation

Item	Mean	Likert
Materiality	4.922	1 (not material at all) – 5 (very material)
Ethicality of superior orders	1.648	1 (not ethical at all) – 5 (very ethical)
Dilemma	3.176	1 (not dilemmatic at all) – 5 (very dilemmatic)

Using the statistical tool, authors determined auditors' opinion decision (OPINION) about issuing an unqualified opinion following the direct superior's instruction (1) or not following the direct superior's instruction by providing an opinion other than an unqualified opinion (0). Authors examined the influence of the obedience pressure (PRESSURE) experienced by the auditor and their level of professional skepticism (SKEPTICISM). Authors also tested the interaction between obedience and professional skepticism (PRESSURE × SKEPTICISM) using the following equation.

$$\text{logit}(\pi) = \beta 0 + \beta 1\text{PRESSURE} + \beta 1\text{SKEPTICISM} + \beta 3(\text{SKEPTICISM} \times \text{PRESSURE}) \quad \ldots\ldots\ldots\ldots\ldots (1)$$

where π is the probability of OPINION = 1; $\beta 0$ is a constant or intercept; and $\beta 1$, $\beta 2$, and $\beta 3$ are the coefficients of the variables PRESSURE, SKEPTICISM, and the interaction between the two, respectively. Of the study sample, 207 respondents indicated that they did not propose an unqualified opinion (coded as 0), and 36 indicated that they proposed an unqualified opinion (coded as 1). The summary results of the model after conducting statistical tests using RStudio are shown in Table 2. The summary also shows null deviance: 203.87 on 242 degrees of freedom; residual deviance: 197.30 on 239 degrees of freedom; and Akaike Information Criterion (AIC): 205.3. Based on the abovementioned coefficients, the model equation follows.

$$\text{logit}(\pi) = -1.3350 - 0.4982 \times \text{PRESSURE} - 0.3327 \times \text{SKEPTICISM} + 1.4167 \times (\text{PRESSURE} \times \text{SKEPTICISM}) \quad \ldots\ldots\ldots\ldots\ldots (2)$$

Table 2. Coefficients

	Estimate	Std. Error	z value	P value	Sig.
(Intercept)	−1.3350	0.2902	−4.600	4.22e−06	***
PRESSURE	−0.4982	0.6612	−2.266	0.0234	*
SKEPTICISM	−0.3327	0.5946	−0.738	0.4603	
PRESSURE × SKEPTICISM	1.4167	0.8383	1.690	0.0910	.

*** indicates p < 0.001 (highly significant); ** indicates p < 0.01; * indicates p < 0.05;

. indicates p < 0.1 (marginally significant).

no symbol means p ≥ 0.1 (not significant).

The intercept in the model is estimated to be −1.3350, with a standard error of 0.2902, a z value of −4.600, and a p-value of 4.22e−06. The intercept represents the expected log-odds (or expected value on the transformed scale if using another link function) when all predictor variables are zero. Specifically, it is the baseline level of the response variable when PRESSURE and SKEPTICISM are both zero. Given that the p-value is significantly less than 0.001 (***), the intercept is highly statistically significant, indicating that the baseline effect is reliably different from zero.

The coefficient for PRESSURE is −0.4982, with a standard error of 0.6612, a z value of −2.266, and a p-value of 0.0234. The negative sign of the coefficient indicates that, holding SKEPTICISM constant, an increase in PRESSURE is associated with a decrease in the log-odds (or the outcome on the transformed scale) of the dependent variable. The z value, the coefficient divided by its standard error, denotes that PRESSURE is significantly different from zero, as evidenced by the p-value being less than 0.05. The asterisk (*) next to the coefficient indicates that this predictor is statistically significant at the 5% level. Therefore, H1 is supported.

The coefficient for SKEPTICISM is −0.3327, with a standard error of 0.5946, a z value of −0.738, and a p-value of 0.4603. The negative sign indicates a potential inverse relationship between SKEPTICISM and the outcome variable. However, the high p-value (greater than 0.1) implies that the effect of SKEPTICISM as a main effect is not statistically significant. The absence of a significant symbol further confirms that authors do not have sufficient evidence to assert that SKEPTICISM is a predictor of the outcome variable within this model. Therefore, H2 is not supported.

The interaction between PRESSURE and SKEPTICISM has a coefficient of 1.4167, a standard error of 0.8383, a z value of 1.690, and a p-value of 0.0910. The dot (.) symbol indicates this term is marginally significant. The positive coefficient of 1.4167 implies that the combined effect of PRESSURE and SKEPTICISM on the outcome variable is more complex than the simple additive effects of each variable. Specifically, this interaction suggests that the SKEPTICISM level moderates the PRESSURE effect on the outcome.

In other words, while PRESSURE alone is associated with a decrease in the log-odds, the presence of SKEPTICISM can modify this effect. A positive interaction coefficient implies that for individuals (or observations) with high levels of SKEPTICISM, the negative effect of PRESSURE is reduced, or even potentially reversed, depending on the magnitude of the interaction. This nuance is crucial for understanding how the two predictors collectively influence the outcome. Notably, the marginal significance (p = 0.0910) suggests that while there is some evidence of an interaction effect, this evidence is not as strong as that for the main effect of PRESSURE. Thus, H3 is supported, although not highly significantly.

The output also provides information on null and residual deviance. The null deviance is 203.87 on 242 degrees of freedom, and the residual deviance is 197.30 on 239 degrees of freedom. These values help determine the overall fit of the model. The null deviance represents the fit of a model with no predictors, essentially the baseline model where the only term is the intercept. A high null deviance indicates considerable variability in the data in the absence of predictors. Residual deviance denotes the variability in the outcome after predictors have been included in the model. In this case, the reduction from 203.87 to 197.30 suggests that the model, with the predictors PRESSURE, SKEPTICISM, and their interaction, explains some of the variability in the outcome. However, the decrease is relatively modest, indicating that although some variance is accounted for, a large proportion remains unexplained.

The degrees of freedom associated with these statistics (242 for the null model and 239 for the residual model) reflect the number of observations minus the number of estimated parameters. The decrease by three degrees of freedom corresponds to the three parameters estimated in the model (PRESSURE, SKEPTICISM, and the interaction term). This consistency confirms that the output is correctly reported.

Additionally, the AIC is reported as 205.3. The AIC measures the relative quality of the statistical model for the given data, balancing model fit and complexity. A lower AIC suggests a better model fit when comparing models using the same dataset. Although authors do not have alternative models to compare with in this output, the AIC value provides a benchmark for future model comparisons.

H1 of this study examines whether auditors under obedience pressure tend to make unethical decisions more than those without such pressure. Statistical test results are significant ($p = 0.0234$), indicating that auditors under obedience pressure are more likely to comply with superior orders. The findings of this study reinforce previous results regarding the obedience pressure faced by auditors during assignments: Lord and DeZoort (2001), as well as other researchers (Mirza & Khoirunisa, 2021; Suryarini et al., 2022), have demonstrated the negative impact of such pressure on auditors' decision-making. Under obedience pressure, auditors tend to act unethically and fail to comply with applicable auditing standards.

Stanley Milgram's (1974) research on obedience revealed how individuals comply with authority even when asked to perform actions that conflict with their personal values. Milgram concluded that people tend to obey authoritative figures—even when required to harm others—due to social pressure, perceived legitimacy of authority, and diffusion of responsibility. His findings highlighted the power of situational influences over personal morals.

This study obtained similar findings: auditors' tendency to act unethically under obedience pressure was reinforced when they perceived threats to their career advancement and promotion. Career aspirations play a role in this regard. Auditors, like most professionals, are often motivated by the desire for career advancement. The perception that compliance with superiors, even on ethically ambiguous matters, might lead to favor and promotions could inadvertently incentivize auditors to prioritize obedience over independent judgment. While not explicitly stated in the provided snippets, this is a logical inference within hierarchical organizational structures. Auditors might believe that demonstrating loyalty and willingness to follow directives, without creating too many challenges, is a pathway to success within their firm (Daneshfar & Fahadani, 2019).

H2 was not supported ($p = 0.4603$). Results indicated that professional skepticism does not influence auditors' ethical decisions. Previous research on professional skepticism has shown that high levels of skepticism in auditors are associated with more ethical decision-making. The ethicality

of auditors' decisions is closely linked with their degree of skepticism (Chen et al., 2023; Donnelly et al., 2021; IAASB, 2024; Nelson, 2009; Verwey & Asare, 2022). This study, however, demonstrates that auditors' decision-making does not depend on the level of professional skepticism.

The lack of influence of professional skepticism may be attributed to organizational culture, ethical climate, or other situational factors. Manoucheri et al. (2023) reveal that an audit firm's ethical environment and culture may exert a more powerful influence on auditors' ethical behavior than their individual level of professional skepticism. Furthermore, Manoucheri et al. (2023) has shown a positive and significant relationship between an organization's ethical climate and auditors' professional skepticism. However, this study also noted that individual characteristics such as gender, education level, and work experience had no significant relationship with professional skepticism. Thus, while a strong ethical climate might foster a more skeptical mindset, an auditor's personal level of skepticism might not be the primary driver of their ethical decisions if the overarching organizational culture strongly emphasizes ethical conduct. The prevailing ethical norms and values within the audit firm could have a more profound impact on ethical choices, potentially overshadowing the effect of an individual auditor's professional skepticism. Even a highly skeptical auditor might be inclined to act unethically if the organizational culture normalizes or rewards such behavior. Conversely, an auditor with a low level of skepticism working in a highly ethical environment might still make ethical decisions owing to strong cultural pressures and expectations. The tone set by the firm's leadership and the overall cultural environment are critical for maintaining independence, integrity, and professional skepticism. If a firm's culture prioritizes ethical conduct and supports skepticism, auditors might exhibit both; however, one might not directly engender the other. They could be parallel outcomes of the same strong cultural drivers (Public Company Accounting Oversight Board, 2024).

Auditors' ethical decision-making can be significantly influenced by various situational factors that might override the impact of their professional skepticism (Shirowzhan & Fakhari, 2024). Research suggests that ethical decisions are influenced by auditors' ethical orientation, the moral intensity of the situation, and factors such as risk preferences also the recency of information. In other words, ethical choices might be more context-dependent than solely driven by a general trait such as professional skepticism. Specific circumstances and auditors' inherent ethical leanings in a given situation might be more influential. For instance, an auditor might be generally skeptical but still make an unethical decision under intense time pressure (Svanberg & Öhman, 2013). The pressure to meet tight deadlines can reduce audit quality; although a healthy ethical culture can mitigate these adverse impacts, time pressure remains a significant influence. Auditors might feel compelled to compromise ethical standards to meet deadlines, regardless of their skepticism regarding the reported financial information. Similarly, client pressure can pose a substantial threat to auditors' independence and their ability to exercise professional skepticism (Anwar, 2024). External pressure from clients, such as threats of dismissal or loss of future business, might directly influence ethical decisions, potentially weakening the impact of an auditor's inherent skepticism. The desire to retain clients or avoid conflict could lead to unethical compromises, even for a skeptical auditor who might have initially identified a potential issue. Time and fee pressure from clients can considerably affect both auditor skepticism and audit quality (Abdullah et al., 2016). The need to maintain profitability and client relationships might lead auditors to be less critical and potentially more accepting of questionable practices, irrespective of their underlying level of professional skepticism.

This study has explored the distinct yet interconnected concepts of obedience pressure and professional skepticism. Obedience pressure, stemming from authoritative figures, can significantly

influence professional decision-making, sometimes leading to the subordination of ethical judgment. Professional skepticism, in contrast, is an essential attitude characterized by a questioning mind and critical assessment of evidence, which is crucial for maintaining ethical standards and ensuring high quality of professional work. H3 in this study proposed the marginal significance of the interaction between obedience pressure and professional skepticism ($p = 0.0910$); this hypothesis was proved. This means that the negative impact of obedience pressure can be mitigated, albeit marginally, or even reversed with the presence of professional skepticism.

A literature review on this research topic reveals the complex interaction between obedience pressure and professional skepticism. Studies indicate that obedience pressure can negatively impact audit judgment, a key manifestation of professional skepticism. Factors such as auditor independence, self-efficacy, and task complexity play moderating roles in this relationship.

This study has certain limitations that warrant consideration. First, the study employs a convenience sampling method with only auditors from the BPK selected as participants, which may limit the generalizability of the findings to other contexts or cultural settings. Furthermore, the sample, although adequate in size, represents a specific public sector environment that might differ from private or multinational auditing practices regarding organizational culture and hierarchical dynamics. Second, the experimental design, while helpful in isolating the effects of obedience pressure and professional skepticism, may not fully capture the complexity of real-world audit decision-making, where multiple factors concurrently influence ethical judgments. The scenario presented in the experiment was simplified and might not encompass all situational variables that auditors encounter in real-world practice. Third, the measurement of professional skepticism was based on self-reported scales, which could be subject to social desirability bias and might not entirely reflect auditors' actual skepticism levels. Finally, the marginal significance observed in the interaction term suggests that additional factors, such as individual moral reasoning or external regulatory influences, influence ethical decision-making. Future research should consider employing a more diverse sample, exploring additional contextual variables, and using alternative methodologies to corroborate as well as expand upon these findings.

CONCLUSION

The study reveals that obedience pressure significantly undermines auditors' ethical decision-making. An experiment involving 243 auditors from the BPK demonstrates that directives from superiors increase the likelihood of unethical decisions, compromising audit integrity. Binary logistic regression confirms that obedience pressure significantly decreases ethical judgments. However, professional skepticism alone does not have a statistically significant effect. The interaction between obedience pressure and skepticism shows a marginally significant effect, implying that high skepticism may slightly mitigate the impact of obedience pressure, although not decisively. The findings emphasize that organizational pressures often outweigh individual traits in ethical auditing. Despite the theoretical benefits of skepticism, real-world pressures from superiors may override auditors' impartiality. This study broadens the understanding of auditors' ethical decision-making by contextualizing how obedience pressure influences professional judgment and challenging the presumed protective role of skepticism. Ultimately, it suggests examining organizational cultures and implementing strategies that empower auditors to maintain ethical standards despite hierarchical pressures.

This study recommends that organizations implement robust training programs emphasizing

ethical decision-making and independence, particularly under pressure. Enhancing internal controls and establishing clear guidelines can mitigate the negative impacts of obedience pressure. Audit firms should foster a culture where ethical behavior is rewarded and dissent is acceptable when directives conflict with professional standards. Additionally, creating support networks for auditors can encourage sharing best practices and coping strategies in challenging situations. Finally, regulatory bodies should consider amending standards to include measures that protect auditors from undue pressure, thereby improving overall audit quality and integrity.

REFERENCES

Abdillah, T. R., Setyadi, E. J., Santoso, S. B., & Mudjiyanti, R. (2020). Pengaruh tekanan anggaran waktu, tekanan ketaatan, dan pengalaman auditor terhadap audit judgment. *RATIO: Reviu Akuntansi Kontemporer Indonesia, 1*(1), 22-36. https://doi.org/10.30595/ratio.v1i1.7972

Abdullah, A., Mazaloomi, S., & Poordadashi, A. (2016). Time pressure, fee pressure, and audit quality. *International Journal of New Studies in Management Research, 1*(1), 9-12.

Ainayah, I., Yasa, I. N. P., & Sujana, E. (2017). Pengaruh gender, tekanan ketaatan, pengalaman, dan pengetahuan terhadap audit judgment (Studi pada BPK perwakilan Provinsi Bali). *E-JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha, 8*(2). https://doi.org/10.23887/jimat.v8i2.14600

Anwar, P. H. (2024). Audit dynamics of tenure and client pressure: An auditor independence study. *Journal of Accounting and Digital Finance, 4*(1), 58–68. https://doi.org/10.53088/jadfi.v4i1.1151

Bazerman, M. H., Morgan, K. P., & Loewenstein, G. F. (1997). The impossibility of auditor independence. *Sloan Management Review, 38*(4), 89–94.

Beasley, M. S., Carcello, J. V., Hermanson, D. R., & Neal, T. (2013). *An analysis of alleged auditor deficiencies in SEC fraud investigations: 1998-2010*. Center for Audit Quality (CAQ). http://www.thecaq.org/resources/pdfs/CAQ_deficienciesMay2013.pdf

Bishop, C. C. (2013). *The impact of social influence pressure on CFO judgments* (Paper 555) [Doctoral Dissertations, Kennesaw State University]. Digital Commons Kennesaw State University. https://digitalcommons.kennesaw.edu/etd/555/

Burnaby, P. A., Howe, M. A., & Muehlmann, B. (2011). Detecting fraud in the organization: An internal audit perspective. *Journal of Forensic & Investigative Accounting, 3*(1), January-June. https://ssrn.com/abstract=1799742

Chen, Y. H., Wang, K. J., & Liu, S-H. (2023). How personality traits and professional skepticism affect auditor quality? A quantitative model. *Sustainability, 15*, 1547. https://doi.org/10.3390/su15021547

Chiang, C. (2016). Conceptualizing the linkage between professional skepticism and auditor independence. *Pacific Accounting Review, 28*(2), 180–200. https://doi.org/10.1108/PAR-08-2015-0034

Chong, V. K., & Syarifuddin, I. (2010). The effect of obedience pressure and authoritarianism on managers' project evaluation decisions. *Advances in Accounting, 26*(2), 185-194. https://doi.org/10.1016/j.adiac.2010.04.004

Coleman, A. (2006). *Dictionary of psychology* (2nd edition). Oxford University Press.

Daneshfar, A., & Fahadani, S. H. (2019). Contextual factors, obedience pressure, and accounting decision-making. *Journal of Behavioral Studies in Business, 11*, 1-9.

Davis, S., DeZoort, F. T., & Kopp, L. S. (2006). The effect of obedience pressure and perceived responsibility on management accountants' creation of budget slack. *Behavioral Research in Accounting, 18*(1), 19-35. https://doi.org/10.2308/bria.2006.18.1.19

Donnelly, A. M., Kaplan, S. E., & Vinson, J. M. (2021). The impact of trait skepticism and ego depletion on auditor judgment. *Behavioral Research in Accounting, 33*(1), 107–122. https://doi.org/10.2308/BRIA-2020-011

Faisal. (2007). Tekanan pengaruh sosial dalam menjelaskan hubungan moral reasoning terhadap keputusan auditor. *Jurnal Akuntansi dan Keuangan Indonesia, 4*(1), 25-46. https://doi.org/10.21002/jaki.2007.02

Glover, S. M., & Prawitt, D. F. (2014). Enhancing auditor professional skepticism: The professional skepticism continuum. *Current Issues in Auditing, 8*(2), 1-10. https://doi.org/10.2308/ciia-50895

Hartmann, F. G. H., & Maas, V. S. (2010). Why business unit controllers create budget slack: Involvement in management, social pressure, and Machiavellism. *Behavioral Research in Accounting,* 22(2), 27–49. https://doi.org/10.2308/bria.2010.22.2.27

Hilbe, J. M. (2015). *Practical guide to logistic regression.* CRC Press. https://doi.org/10.1201/b18678

Hurtt, R. K. (2010). Development of a scale to measure professional skepticism. *Auditing: A Journal of Practice and Theory, 29*(1), 149–171. https://doi.org/10.2308/aud.2010.29.1.149

Hurtt, R. K., Brown-Liburd, H., Earley, C. E., & Krishnamoorthy, G. (2013). Research on auditor professional skepticism: Literature synthesis and opportunities for future research. *Auditing: A Journal of Practice & Theory, 32*(Supplement 1), 45–97. https://doi.org/10.2308/ajpt-50361

Hussin, S. A. H. S., Iskandar, T. M., Saleh, N. M., & Jaffar, R. (2017). Professional skepticism and auditors' assessment of misstatement risks: The moderating effect of experience and time budget pressure. *Economics and Sociology, 10*(4), 225–250. https://doi.org/10.14254/2071-789X.2017/10-4/17

International Auditing and Assurance Standards Board (IAASB). (2024). *Handbook of international quality management, auditing, review, other assurance, and related services pronouncements*. International Federation of Accountants.

Kassin, S., Fein, S., & Markus, H. R. (2011). *Social psychology* (8th ed.). Cengage Learning.

Linthicum, C., Reitenga, A. L., & Sanchez, J. M. (2010). Social responsibility and corporate reputation: The case of the Arthur Andersen Enron audit failure. *Journal of Accounting and Public Policy, 29*(2), 160–176. https://doi.org/10.1016/j.jaccpubpol.2009.10.007

Lord, A. T., & DeZoort, F. T. (2001). The impact of commitment and moral reasoning on auditors' response to social influence pressure. *Accounting, Organizations and Society, 26*(3), 215-235. https://doi.org/10.1016/S0361-3682(00)00022-2

Manoucheri, F., Peikfalak, J, & Nafchi, H. F. (2023). Prediction of the auditor's professional skepticism based on the ethical climate of the organization and demographic characteristics of the auditor. *International Journal of Ethics & Society, 5*(2), 58-63.

Maulida, K., & Novianti, N. (2023). Audit experience, independence, and professional skepticism against fraud detection: time pressure as a moderating factor. *Asia Pacific Fraud Journal, 8*(2), 381-393. https://doi.org/10.21532/apfjournal.v8i2.331

McCrae, R. R., Costa, P. T., & Martin, T. A. (2005). The NEO-PI-3: A more readable revised NEO personality inventory. *Journal of Personality Assessment, 84*(3), 261–270. https://doi.org/10.1207/s15327752jpa8403_05

Milgram, S. (1974). *Obedience to authority: An experimental view*. Harper Perennial Modern Classics.

Mirza, A. D., & Khoirunisa, K. R. (2021). Obedience pressure vs peer pressure: an explanation of muslims' religious role in budgetary slack. *Journal of Indonesian Economy and Business, 36*(2), 124-135. https://doi.org/10.22146/jieb.v36i2.1771

Muttiwijaya, G. T., & Ariyanto, D. (2019). Pengaruh self-efficacy, skeptisisme profesional, independensi, dan kompleksitas tugasterhadap audit judgment. *E-Jurnal Akuntansi Universitas Udayana, 27*(2), 1290-1315. https://doi.org/10.24843/EJA.2019.v27.i02.p17

Nelson, M. W. (2009). A model and literature review of professional skepticism in auditing. *Auditing: A Journal of Practice & Theory, 28*(2), 1–34. https://doi.org/10.2308/aud.2009.28.2.1

Parastika, N. P. E., & Wirawati, N. G. P. (2017). Skeptisme profesional sebagai variabel pemoderasi pengaruh tekanan ketaatan dan pengalaman auditor pada audit judgment. *E-Jurnal Akuntansi Universitas Udayana, 18*(3), 1800-1830.

Popova, V. (2013). Exploration of skepticism, client-specific experiences, and audit judgments. *Managerial Auditing Journal, 28*(2), 140–160. https://doi.org/10.1108/02686901311284540

Pratama, B. C., Ahmad, Z. A., & Innayah, M. N. (2018). Obedience pressure, professional ethics, attitude of skepticism, and independence towards audit judgment. *Journal of Accounting Science, 2*(2), 141-149. https://doi.org/10.21070/jas.v2i2.1238

Public Company Accounting Oversight Board (2024). *Spotlight: Insights on culture and audit quality*. PCAOB. https://assets.pcaobus.org/pcaob-dev/docs/default-source/documents/culture-spotlight.pdf

Quadackers, L., Groot, T., & Wright, A. (2014). Auditors' professional skepticism: Neutrality versus presumptive doubt. *Contemporary Accounting Research, 31*(16), 639–657. https://doi.org/10.1111/1911-3846.12052

Qumaini, A., & Aligarh, F. (2022). Pengaruh pengalaman audit, self-efficacy, kompleksitas tugas, tekanan ketaatan terhadap audit judgment dengan skeptisisme profesional sebagai variabel mediasi. *ACE: Accounting Research Journal, 2*(1), 1–21. https://journal.feb.unipa.ac.id/index.php/ace/article/view/213

Sari, D. I., & Ruhiyat, E. (2017). Locus of control, tekanan ketaatan, dan kompleksitas tugas terhadap audit judgment. *Jurnal Aset (Akuntansi Riset), 9*(2), 23-34. https://doi.org/10.17509/jaset.v9i2.9230

Sekaran, U., Bougie, R. (2017). *Research methods for business* (6th ed.). Penerbit Salemba Empat.

Shirowzhan, H., & Fakhari, H. (2024). Clarifying the decision-making mystery: drivers of professional skepticism, ego depletion, and overconfidence in independent auditors' quality of judgment. *Managerial Auditing Journal, 39*(7), 821–842. https://doi.org/10.1108/MAJ-04-2024-4317

Surya, L. P. L. S., & Dewi, C. I. R. S. (2019). Pengaruh tekanan ketaatan pada audit judgment dengan religiusitas sebagai pemoderasi. *E-Jurnal Akuntansi, 29*(2), 673-682. https://doi.org/10.24843/EJA.2019.v29.i02.p14

Suryarini, T., Yulianto, A., Shovuro, S., & Widiatami, A. K. (2022). Obedience pressure and audit judgment: Does the auditor personality have a role? *Jurnal Kajian Akuntansi, 6*(2), 197-210. https://doi.org/10.33603/jka.v6i2.5997

Svanberg, J., & Öhman, P. (2013). Auditors' time pressure: Does ethical culture support audit quality? Managerial Auditing Journal, 28(7), 572-591. https://doi.org/10.1108/MAJ-10-2012-0761

Tanoto, R., & Suputra, I. D. G. D. (2017). Pengaruh obedience pressure, kompleksitas tugas, dan senioritas auditor terhadap audit judgment. *E-Jurnal Akuntansi Universitas Udayana, 21*(1), 57-85.

van Niew Amerongen, N., Asare, S., van Buuren, J., & Verwey, I. (2024). The effect of pressure sources and trait variables on skeptical audit judgments and actions. *SSRN Electronic Journals*, http://dx.doi.org/10.2139/ssrn.4756790

Vera-Muñoz, S. C. (2015). Commentary on "The effect of an audit judgment rule on audit committee members' professional skepticism: The case of accounting estimates" (Kang, Trotman, and Trotman). *Accounting, Organizations and Society, 46,* 77-80. http://dx.doi.org/10.1016/j.aos.2015.04.002

Verwey, I. G. F., & Asare, S. K. (2022). The joint effect of ethical idealism and trait skepticism on auditors' fraud detection. *Journal of Business Ethics, 176*, 381-395. https://doi.org/10.1007/s10551-020-04718-8

Wibhawa, I. W. S., Julianto, W., & Setiawan, A. (2020). Pengaruh kompleksitas tugas, pengalaman, dan tekanan ketaatan terhadap audit judgment. *Prosiding Biema Business Management, Economic, and Accounting National Seminar*, *1*, 1336-1350. https://conference.upnvj.ac.id/index.php/biema/article/view/927

Yulianti., Chandrarin, G., & Supanto, F. (2022). Effect of ethics and professionalism on audit quality: A moderating role of dysfunctional audit behavior. *Problems and Perspectives in Management, 20*(3), 529-539. https://doi.org/10.21511/ppm.20(3).2022.42


ethics
pressure
integrity