

Religiosity and Audit Judgment: The Mediating Effect of Moral Reasoning

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Abstract.

This study examined the effect of religiosity on audit judgment and analyzes the mediating role of moral reasoning in this relationship. Primary data was collected from 51 auditors working at a Public Accounting Firm (KAP) in Yogyakarta through a questionnaire survey. The data were then analyzed using SPSS through multiple regression and mediation analysis to test the research hypotheses. The results show that religiosity has no significant effect on audit judgment, indicating that auditors' religious values do not directly determine the quality of audit judgments. However, religiosity is proven to have a positive and significant effect on moral reasoning, while moral reasoning has a positive and significant effect on audit judgment. The research results also show that moral reasoning plays a role as a full mediation variable in the relationship between religiosity and audit judgment. Theoretically, this study strengthens Moral Development Theory by demonstrating that the influence of individual values on professional decisions occurs through the process of moral reasoning. Practically, the results indicate the importance of developing moral reasoning through ethics education, professional training, and case-based learning to improve the quality of auditor decisions.

Keywords: *religiosity, moral reasoning and audit judgment.*

I. INTRODUCTION

Auditor judgment is the process of professional judgment conducted by auditors in evaluating audit evidence, assessing the risk of material misstatement, and drawing audit conclusions that form the basis for issuing an opinion on the financial statements (Tjhai, F. J., et al., 2025). In practice, auditors are faced with various conditions that require the use of professional judgment, particularly when evaluating materiality, audit risk, and the sufficiency of available audit evidence. With the increasing complexity of business transactions, the development of digital-based audit technology, and demands for corporate transparency and accountability, auditors are required to produce judgments that are accurate, objective, and based on strong ethical values (Barr-Pulliam, et al., 2024).

In Indonesia, the urgency of improving the quality of audit judgment is increasingly evident in the persistently high number of fraud and corruption cases found in various organizational sectors. According to the Report to the Nations published by the Association of Certified Fraud Examiners (ACFE), corruption and financial statement fraud remain among the leading causes of organizational losses in various countries, including Indonesia (ACFE, 2024). This phenomenon demonstrates that auditors are required not only to possess adequate technical competence but also to demonstrate integrity and a strong ethical commitment in carrying out their professional responsibilities. Therefore, understanding the individual factors that influence audit judgment is becoming increasingly important for research.

One individual factor thought to influence the quality of audit judgment is religiosity. Religiosity reflects the level of belief, appreciation, and practice of religious values in an individual's life. The literature shows that individuals with high levels of religiosity tend to exhibit more ethical and responsible behavior and a stronger moral commitment than individuals with low levels of religiosity (Weaver & Agle, 2002; Elbayoumi et al., 2026). In the audit context, religiosity can be a source of internal control that encourages auditors to uphold the principles of honesty, independence, and accountability when facing work pressures or conflicts of interest.

Based on the Theory of Planned Behavior developed by Ajzen (1991), an individual's beliefs and values influence their attitudes and behavior in the decision-making process. Auditors with high levels of religiosity tend to be more careful in considering the moral consequences of their actions, resulting in higher-quality audit judgments. However, previous research has shown inconsistencies. Some studies found that religiosity positively influences the quality of auditors' ethical decision-making (Weaver & Agle, 2002;

Cahyadi & Malakiano, 2025), while others found that religiosity does not have a significant direct effect because auditor decisions are more influenced by factors such as experience, organizational pressure, and work culture (Khan et al., 2023).

This inconsistency indicates the need for variables that can explain the mechanism of the relationship between religiosity and audit judgment. One relevant variable is moral reasoning. According to Lawrence Kohlberg's theory of moral development, moral reasoning is an individual's ability to evaluate a problem based on moral principles before making a decision. Auditors with a high level of moral reasoning are better able to identify the ethical implications of each decision alternative and are more likely to choose actions that align with professional standards and the public interest (Rest et al., 1999; Craft, 2013). Furthermore, an individual's religious values can strengthen moral reasoning abilities through the internalization of principles of honesty, responsibility, and justice (Conroy & Emerson, 2021).

Although the relationship between religiosity and ethical behavior has been extensively studied, research examining the role of moral reasoning as a mediating variable in the relationship between religiosity and audit judgment remains relatively limited, particularly in the context of auditors in developing countries like Indonesia. Most previous research has focused solely on the direct influence of religiosity on auditor behavior without explaining the psychological processes underlying this relationship. Therefore, this study seeks to fill this research gap by examining the role of moral reasoning as a mediating mechanism explaining the influence of religiosity on audit judgment. This research is expected to provide theoretical contributions to the development of behavioral accounting literature and professional ethics and provide practical implications for the development of auditor quality in Indonesia.

II. LITERATURE REVIEW

The Influence of Religiosity on Audit Judgment

Religiosity is an individual's level of belief, appreciation, and practice of religious values, reflected in their daily behavior. In the context of the audit profession, religiosity can serve as a moral foundation that guides auditors in carrying out their duties honestly, objectively, and responsibly. Auditors with high levels of religiosity tend to internalize ethical values such as honesty, integrity, trustworthiness, and social responsibility, thus being better able to avoid behavior that conflicts with professional standards. According to the Theory of Planned Behavior proposed by Ajzen (1991), individual behavior is influenced by beliefs and values that shape attitudes toward an action. Strong religious values can shape positive attitudes toward ethical behavior, encouraging auditors to produce more objective and independent professional judgment. During the audit process, auditors often face pressure from clients and organizations that can potentially affect the quality of their decisions. Religious auditors tend to consider the moral consequences of each decision, thus being better able to maintain the quality of their audit judgment. Previous research shows that religiosity is positively related to ethical behavior and the quality of professional decision-making (Weaver & Agle, 2002; Cahyadi & Malakiano, 2025). The higher an auditor's religiosity, the higher their likelihood of producing audit judgments that align with ethical principles and auditing standards. Based on these arguments, the research hypothesis is:

H1: Religiosity positively influence audit judgment.

The Influence of Religiosity on Moral Reasoning

Moral reasoning is an individual's ability to evaluate a problem based on moral principles before making a decision. This ability enables a person to assess whether an action is ethically acceptable. In the audit profession, moral reasoning is crucial because auditors often face dilemmas that require ethical considerations in determining the appropriate course of action. According to the Moral Development Theory developed by Kohlberg (1981), an individual's moral development is influenced by the process of internalizing believed values. Religiosity can be a primary source of moral value formation because religion teaches the principles of honesty, justice, responsibility, and concern for others. Auditors with high levels of religiosity tend to have greater ethical sensitivity and are better able to consider moral aspects in every decision they make. Previous research has found that religiosity positively influences the development of an

individual's moral reasoning because religious values help shape an ethical framework for dealing with complex situations (Conroy & Emerson, 2021; Weaver & Agle, 2002). Therefore, the proposed hypothesis is: H2: Religiosity has a positive effect on moral reasoning.

The Influence of Moral Reasoning on Audit Judgment

Moral reasoning is an individual's ability to evaluate an action based on ethical and moral principles before making a decision. In the audit context, this ability is crucial because auditors often face situations involving conflicts of interest, client pressure, and information uncertainty. Auditors with a high level of moral reasoning are better able to evaluate the ethical consequences of each decision alternative, resulting in more objective and high-quality audit judgments. According to Moral Development Theory, individuals at a higher level of moral development tend to make decisions based on universal principles of justice and the public interest rather than personal interests. Auditors with strong moral reasoning skills are better able to maintain independence and professionalism when faced with pressures that could compromise objectivity.

Previous research has shown that moral reasoning positively influences the quality of ethical decision-making, including in audit and accounting contexts (Rest et al., 1999; Craft, 2013). Auditors with high moral reasoning skills tend to make decisions that are more ethical and in accordance with professional standards. Therefore, the proposed hypothesis is:

H3: Moral reasoning positively affects audit judgment.

The Role of Moral Reasoning in Mediating the Effect of Religiosity on Audit Judgment

Religiosity does not always directly influence audit judgment, but can work by enhancing auditors' moral reasoning abilities. An individual's religious values shape their way of thinking and evaluating actions from a moral perspective. Auditors with high levels of religiosity tend to internalize the values of honesty, fairness, and responsibility, thus developing better moral reasoning abilities. This moral reasoning ability subsequently helps auditors evaluate various audit decision alternatives more ethically and professionally. Thus, religiosity can improve the quality of audit judgment by enhancing auditors' moral reasoning abilities. This perspective aligns with the Theory of Planned Behavior and Moral Development Theory, which explain that individual values and beliefs influence behavior through underlying cognitive and moral processes. Several studies have shown that individuals with high levels of religiosity tend to exhibit better levels of moral reasoning, which ultimately contributes to the quality of ethical decision-making (Conroy & Emerson, 2021; Weaver & Agle, 2002). Therefore, moral reasoning is thought to be a mechanism explaining the relationship between religiosity and audit judgment. Based on these arguments, the research hypothesis is:

H4: Moral reasoning mediates the relationship between religiosity and audit judgment.

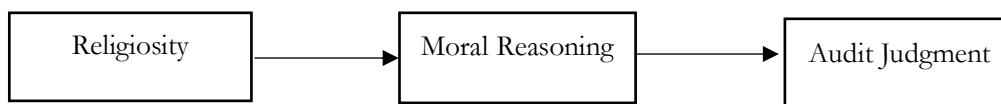


Fig 1. Research Model

III. METHODS

This study uses a quantitative approach with a survey method to examine the influence of religiosity on audit judgment, with moral reasoning as a mediating variable. Primary data were collected through questionnaires distributed to auditors working at the Yogyakarta Public Accounting Firm (KAP). The sampling technique used purposive sampling with the criteria of respondents having experience in carrying out audit processes and being involved in audit decision-making. The religiosity variable is measured based on the level of belief and practice of religious values, the moral reasoning variable is measured based on the auditor's ability to evaluate ethical issues, while audit judgment is measured based on the auditor's ability to make professional judgments during the audit process. The research instrument was constructed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Data were analyzed using SPSS software.

IV. RESULT AND DISCUSSION

Table 1 Respondent Demographic

No	Category	Total	Percentage
1	Gender		
	Male	21	41,2%
	Female	30	58,8%
2	Age		
	22- 25 year	22	44%
	26- 30 year	28	55%
	>35 year	1	1%
3	Education		
	Diploma	10	20%
	Bachelor's Degree	41	80%
4	Experience		
	< 2 year	16	31,4%
	2-5 year	24	47,1%
	>5 year	11	21,5%

Data Validity Test

Data validity in this study was tested using the correlation coefficient. A correlation value greater than 0.155 indicates the questionnaire is valid. The data processing results were performed using SPSS version 27 and are presented in the following table.

Table 2. Validity Test Results

No	Variable	r value	r table	Description
1	Religiosity			
	X1.1	0.775	0,276	Valid
	X1.2	0.771	0,276	Valid
	X1.3	0.722	0,276	Valid
	X1.4	0.751	0,276	Valid
	X1.5	0.638	0,276	Valid
2	Moral Reasoning			
	z.1	0.681	0,276	Valid
	z.2	0.609	0,276	Valid
	z.3	0.740	0,276	Valid
	z.4	0.705	0,276	Valid
	z.5	0.687	0,276	Valid
3	Audit judgement			
	Y.1	0.714	0,276	Valid
	Y.2	0.785	0,276	Valid
	Y.3	0.731	0,276	Valid
	Y.4	0.749	0,276	Valid
	Y.5	0.679	0,276	Valid

Data Reliability Testing

Table 3. Reliability Test Result

Variable	Alpha	Condition	Description
Religiosity	0,778	> 0,70	Reliable
Moral Reasoning	0,717	> 0,70	Reliable
Audit judgment	0,832	> 0,70	Reliable

The results of the reliability test in table 3 show that all variables have a fairly large Alpha coefficient, namely above 0.70, so it can be said that all the measuring concepts for each variable in the questionnaire are reliable, so that in future the items in each variable concept are suitable for use as measuring tools.

Descriptive Statistics

Table 4 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Religiosity	51	18	25	22.22	1.98
Moral reasoning	51	19	25	22.45	1.80
Audit judgment	51	20	25	22.49	1.89

Table 4 show that Religiosity variable recorded a mean of 22.22 (SD = 1.98) with an actual score range of 18–25. This mean is very close to the upper limit of the scale (25), indicating that respondents generally strongly agree that religious teachings guide their lives and decision-making. A minimum score of 18 indicates that no respondents fall into the low category; even the lowest score is still in the high category. A standard deviation of 1.98 indicates fairly controlled variation around the mean, indicating high homogeneity of perceptions, despite minor inter-individual variations.

Moral reasoning recorded a mean of 22.45 (SD = 1.80) with a score range of 19–25. This very high mean indicates that respondents generally possess mature moral reasoning skills in the audit context, such as establishing communication, cooperation, coordination, information transparency, and objectivity. The standard deviation of 1.80 is the second lowest, indicating a homogeneous distribution. The minimum score of 19 is the highest among the four variables, indicating that no respondents fall into the middle or low categories; All respondents were in the high to very high category.

Audit judgment had a mean of 22.49 (SD = 1.89) with a score range of 20–25. This mean is equivalent to 89.9% of the maximum score, indicating that respondents were generally very confident in their audit judgment competency, including the consideration of audit evidence, materiality, audit risk, internal control, and the consideration of information before making a decision. The minimum score of 20 was the highest among all variables, indicating high consistency, indicating that all respondents had a very positive self-assessment of their audit judgment ability. The standard deviation of 1.89 indicates variation that is still within narrow limits and can be considered homogeneous.

Model Testing And Hypothesis Testing

Table 5 model testing and hypothesis testing Result

	Dep Var: Moral reasoning				Dep Var: Audit judgement			
	Coeff	SE	T	Sig.	Coeff	SE	t	Sig.
(Constant)	5.440	2.713	2.006	0.051	2.199	2.713	0.810	0.422
Religiositas	0.406	0.106	3.827	0.000	0.076	0.116	0.652	0.517
Moral reasoning					0.452	0.139	3.262	0.002
F	20.222				19.436			
Sig F	<0.001				<0.001			
Adj R2	0.435				0.525			

The Influence of Religiosity on Audit Judgment

The results table 5 showed that religiosity did not significantly influence audit judgment ($\beta = 0.076$; $t = 0.652$; $p = 0.517$). This finding indicates that an auditor's level of religiosity does not directly determine the quality of their audit judgment. Even if an auditor has high religious values, audit decisions are still more influenced by audit standards, available audit evidence, professional experience, and job demands. The results of this study do not fully support the Theory of Planned Behavior, which states that individual values and beliefs influence behavior. In the audit context, an auditor's religious values do not necessarily directly translate into better audit decisions because the audit decision-making process involves various complex professional considerations. This finding aligns with research by Khan et al. (2023), which found that religiosity has no direct influence on the quality of auditors' professional judgment. These results also suggest that the influence of religiosity likely operates through other mechanisms, such as moral reasoning, before influencing audit judgment.

The Influence of Religiosity on Moral Reasoning

The results of this study indicate that religiosity has a positive and significant effect on moral reasoning ($\beta = 0.406$; $t = 3.827$; $p < 0.001$). This finding suggests that the higher an auditor's religiosity, the higher their moral reasoning ability. Auditors with strong religious beliefs and practices tend to internalize the values of honesty, responsibility, fairness, and integrity in their decision-making process. These values serve as the basis for evaluating ethical issues, thereby improving the quality of auditors' moral reasoning. This study's findings align with Lawrence Kohlberg's Moral Development Theory, which states that an individual's moral development is influenced by the values internalized in everyday life. Religiosity serves as a source of moral values that help individuals distinguish between right and wrong actions and consider the ethical consequences of each decision. This finding also supports research by Weaver & Agle (2002), which found that religiosity can improve an individual's ethical behavior and moral awareness. In addition, research by Conroy and Emerson (2004) shows that individuals with high levels of religiosity tend to have better levels of moral reasoning than individuals with low levels of religiosity.

The Influence of Moral Reasoning on Audit Judgment

The results of this study indicate that moral reasoning has a positive and significant effect on audit judgment ($\beta = 0.452$; $t = 3.262$; $p = 0.002$). This finding indicates that auditors with strong moral reasoning abilities tend to produce more objective, independent, and high-quality audit judgments. When facing ethical dilemmas, auditors with strong moral reasoning are able to consider the moral consequences of each decision alternative and thus choose the course of action that best aligns with the principles of professionalism and the public interest.

This finding supports Kohlberg's Moral Development Theory, which states that individuals with a higher level of moral development will make more ethical decisions. Auditors with strong moral reasoning abilities are better able to handle pressures and conflicts of interest that can affect audit objectivity. This study's findings are consistent with research by Rest et al. (1999), Sweeney and Roberts (1997), and Thorne (2000), which found that moral reasoning is a significant factor influencing the quality of auditors' ethical decisions and audit judgments.

Sobel Test

Table 6 Sobel Test Result

	b1	SE1	b2	SE2	z	sig
Religiositas -> Moral reasoning -> Audit judgement	0.406	0.106	0.452	0.139	2.479	0.013

The Mediating Role of Moral Reasoning

The results table 6 show that the mediation test indicate that moral reasoning mediates the effect of religiosity on audit judgment, with a path coefficient of 0.406 for the religiosity \rightarrow moral reasoning path and 0.452 for the moral reasoning \rightarrow audit judgment path. The Sobel test yielded a z-value of 2.479 with a significance level of 0.013 ($p < 0.05$), indicating a significant indirect effect of religiosity on audit judgment through moral reasoning. Furthermore, the direct effect of religiosity on audit judgment was insignificant ($\beta = 0.076$; $p = 0.517$), thus concluding that moral reasoning acts as a full mediator in the relationship between religiosity and audit judgment. This finding indicates that religiosity does not directly influence the quality of auditors' audit judgment. Instead, auditors' religious values primarily shape their moral reasoning abilities, which then contribute to improved audit judgment quality. In other words, auditors with high levels of religiosity do not necessarily produce better audit judgments if these religious values are not internalized in the form of the ability to evaluate and consider moral aspects in audit decision-making. The results of this study support the Moral Development Theory proposed by Kohlberg (1981). This theory explains that an individual's ethical behavior and decisions are influenced by their level of moral development. In the context of this study, religiosity serves as a source of moral values that encourages the formation of moral reasoning, while moral reasoning is the primary mechanism influencing the quality of auditor decisions. Therefore, the influence of religiosity on audit judgment does not occur directly, but rather through the auditor's moral reasoning process. This finding also aligns with research by Rest et al. (1999) and Thorne (2000), which states that the quality of professional decisions is significantly influenced by an individual's moral reasoning

ability. Furthermore, this study supports research by Weaver & Agle (2002), which shows that religiosity contributes to ethical behavior by increasing moral awareness and reasoning. Thus, this study confirms that moral reasoning is a psychological mechanism that explains how religiosity can translate into more objective and quality audit decisions. These findings contribute to the behavioral accounting literature by demonstrating that developing religious values needs to be accompanied by improved moral reasoning skills to produce better audit judgments.

V. CONCLUSION

This study aims to examine the effect of religiosity on audit judgment with moral reasoning as a mediating variable. The results show that religiosity has no significant effect on audit judgment, indicating that auditors' religious values do not directly determine the quality of audit judgments. However, religiosity is proven to have a positive and significant effect on moral reasoning, while moral reasoning has a positive and significant effect on audit judgment. The research results also show that moral reasoning plays a role as a full mediation variable in the relationship between religiosity and audit judgment. Theoretically, this study strengthens Moral Development Theory by demonstrating that the influence of individual values on professional decisions occurs through the process of moral reasoning. Practically, the results indicate the importance of developing moral reasoning through ethics education, professional training, and case-based learning to improve the quality of auditor decisions. This study is limited by the data obtained through questionnaires, which means the results rely on respondents' perceptions, potentially leading to subjective bias and delayed responses in questionnaire returns, although no indication of non-response bias was found. Furthermore, this study only examined religiosity and moral reasoning in explaining audit judgment. Therefore, further research is recommended to add other variables such as professional skepticism, independence, and professional ethics, and optimize questionnaire distribution by involving liaison officers to increase the respondent response rate.

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