

Auditor Ethics as the Foundation of Audit Quality: A Systematic Literature Review

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Abstract: This study presents a comprehensive Systematic Literature Review (SLR) on the crucial role of auditor ethics as the foundation of audit quality. The primary objective of this SLR is to thoroughly examine existing literature and identify the relationship between dimensions of auditor ethics including moral values, integrity, objectivity, independence, and professional skepticism and audit quality. The research methodology used in this study is SLR, involving systematic searching, critical selection, and synthesis of findings from 20 empirical articles published between 2019–2025. The literature sources were accessed through leading academic databases such as Scopus, Web of Science, Sinta, and JSTOR by using relevant keywords such as “auditor ethics” and “audit quality.” The findings consistently indicate that auditor ethics has a significant and positive effect on audit quality. Auditors who uphold ethical values, supported by a strong organizational culture, professional commitment, and internal locus of control, significantly contribute to the improvement of audit quality. This study also highlights that ethics is a necessary but not sufficient factor and is strengthened by various supporting factors as well as influenced by organizational and situational contexts. The originality of this study lies in its structured synthesis of recent literature, which not only confirms the positive effect of auditor ethics but also elaborates key mechanisms, moderating factors, and identifies critical research gaps for future studies. The results of this SLR provide significant theoretical and practical implications for the development of the auditing profession and accounting education.

Keywords: Audit Quality; Auditor Ethics; Integrity; Objectivity; Professional Skepticism.

1. Introduction

In an increasingly complex and interconnected global economic landscape, the role of auditing in ensuring the integrity and reliability of financial information cannot be overstated. Audit quality, as a fundamental pillar that upholds public trust in capital markets and the broader financial system, is a prerequisite for the smooth functioning of modern economies. High-quality audits are not merely verification processes; they serve as a guarantee that presented financial statements are free from material misstatements, whether intentional or unintentional, thereby providing a solid and reliable informational foundation for decision-makers. Investors, creditors, regulators, and other stakeholders rely on audited financial statements to make critical strategic decisions with implications that extend from micro- to macro-economic scales (De Angelo, 1981; Francis, 2011). Failure to maintain audit quality may trigger uncertainty, diminish investor confidence, and even lead to financial crises, as evidenced by past accounting scandals involving large corporations worldwide, such as the Enron and WorldCom cases which demonstrated how financial manipulation can erode public trust and result in massive economic losses (Watts, 2003).

Amid increasing demands for higher audit quality, a fundamental question emerges: *What, in essence, constitutes the unshakable foundation of a high-quality audit?* The most consistent answer reflected in the literature and professional practice is auditor ethics. Auditor ethics are not merely a set of formal rules, but rather an internalized system of moral values encompassing integrity,

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objectivity, professionalism, confidentiality, and most crucially independence. These ethical values function as the essential adhesive binding the entire audit process, ensuring that auditors act with intellectual honesty, moral courage, and the professional skepticism required to carry out their responsibilities (Beasley, Carcello, & Hermanson, 2000; IFAC, 2018). Without a strong ethical foundation, auditors become vulnerable to pressures whether from within the audited entity or from external environments that may erode objectivity, compromise independence, and ultimately degrade audit quality.

2. Literature Review

Examining Key Dimensions of Auditor Ethics and Audit Quality

Before advancing further, it is essential to define and elaborate on the foundational concepts of this study.

Audit Quality

Within accounting and auditing literature, audit quality is frequently defined as the probability that an auditor will detect and report material misstatements in an entity's financial statements (De Angelo, 1981; Francis, 2011). This definition emphasizes two principal dimensions: detection (the auditor's ability to identify errors) and reporting (the willingness to disclose findings even when doing so may cause conflict or discomfort). High-quality audits inherently contribute to reliable financial information, thereby facilitating efficient capital allocation within the economy (Dechow & Dichev, 2007). Indicators of audit quality vary, including audit outcomes (e.g., unqualified audit opinions, additional disclosures, or disclaimers of opinion) and auditor-related characteristics such as firm size, reputation, auditor experience, and audit fees (Jain & Rezaee, 1999; Kim, Chung, & Yi, 2011).

Auditor Ethics

The concept of auditor ethics encompasses principles and moral values that guide auditors' professional behavior. Its key components include:

- a. **Integrity:** Acting honestly and transparently in all professional and business relations. This includes refraining from fraud, falsification, and dishonesty, even under pressure. Integrity requires auditors to uphold truth and honesty, even when doing so is difficult or unpopular (AICPA, 2014). Integrity reflects a unified character demonstrating honesty, diligence, and adequate competence (Ramadhani et al., 2024).
- b. **Objectivity:** Ensuring that bias, conflicts of interest, or external influences do not impair professional judgment. Auditors must interpret evidence impartially and base conclusions on facts rather than personal preferences or external pressures (IAASB, 2017).
- c. **Professional Competence and Due Care:** Maintaining sufficient knowledge and skill to ensure competent service delivery, while exercising diligence and care in accordance with professional standards (AICPA, 2014).
- d. **Confidentiality:** Respecting the confidentiality of information acquired during professional engagements and refraining from disclosure without proper authorization unless required by legal or professional obligations (IAASB, 2017).
- e. **Independence:** The most frequently discussed and critical element of auditor ethics, consisting of independence in fact and in appearance. Independence in fact reflects freedom from influences that could impair professional judgment, while independence in appearance reflects public perception that the auditor is free from such influences (IAASB, 2017; Deis & Adams, 1998). Failure to maintain independence may lead auditors to overlook or inadequately report material misstatements to satisfy clients or avoid conflict, ultimately damaging audit quality.

A simple illustration underscores the importance of these ethics: if an auditor identifies material revenue manipulation, an auditor with strong integrity and objectivity would investigate further, gather evidence, and report the misstatement even if doing so risks losing

the client or leads to an adverse opinion. Conversely, an auditor lacking ethical grounding may succumb to client pressure, financial incentives, or personal relationships, compromising professional responsibilities for short-term gain.

Literature Gaps and the Urgency of a Systematic Review

Despite longstanding recognition of the importance of auditor ethics, several gaps remain in the literature. Many studies isolate one dimension of ethics such as independence without holistically integrating how ethical values collectively influence audit quality. Audit quality is not the result of a single ethical construct, but rather the synthesis of multiple complementary ethical dimensions. Debates persist regarding which ethical components exert the strongest influence on perceived and actual audit quality and how these components interact.

External and internal determinants shaping ethical auditor behavior require further exploration, including the effects of ethics training, code-of-ethics enforcement, and organizational cultural dynamics on ethical awareness and conduct. Organizational culture, in particular, may either strengthen or obstruct ethical compliance (Kaplan & Schwartz, 2008; Trevino & Nelson, 2017). Additionally, most studies are limited to single-country contexts, despite the globalized nature of the auditing profession and harmonized international standards. Therefore, a comprehensive systematic review that integrates findings across geographical and cultural settings is urgently needed.

Objectives and Scope of This Systematic Literature Review

To address these gaps and contribute to existing scholarship, this review is designed to:

- a. Identify and Analyze Existing Literature: Systematically locate, screen, and examine empirical and conceptual studies exploring relationships between auditor ethics and audit quality, including conceptualization and measurement approaches.
- b. Identify the Most Influential Ethical Components: Synthesize literature to determine which ethical constructs such as integrity, objectivity, independence, competence, and confidentiality consistently affect audit quality across perspectives.
- c. Analyze Determinants of Ethical Behavior: Critically examine how training, code implementation, and organizational culture shape auditors' ethical conduct, including causal and moderating relationships.
- d. Synthesize Findings and Outline Future Directions: Summarize key findings, identify underexplored issues, and formulate recommendations for practice and policy development.

This review focuses on empirical and conceptual research published in reputable journals in accounting, auditing, business ethics, and management. It includes foundational studies and recent developments to ensure both depth and relevance.

Significance and Contribution

● For Academics and Researchers:

This study provides a comprehensive synthesis of fragmented literature, highlights consistent findings and unresolved debates, and establishes a scholarly foundation for future research design, methodology refinement, and theoretical development.

● For Audit Practitioners:

Findings will inform the design of more effective ethics training programs, enforcement mechanisms, and ethical corporate cultures enhancing compliance, credibility, and competitiveness. Individual auditors may also gain greater awareness of ethical responsibilities throughout the audit process.

● For Policymakers and Regulators:

Insights may guide regulatory revisions concerning auditor ethics and audit quality. For example, if compensation models are shown to threaten independence, stricter regulatory provisions may be warranted. Ethical considerations may also influence future certification and training standards.

- **For Financial Statement Users:**

Enhanced audit quality driven by strong auditor ethics ultimately benefits users through more reliable audited financial statements, contributing to efficient capital allocation, market stability, and greater public trust in financial systems.

In conclusion, this systematic literature review aims not only to synthesize existing knowledge but also to serve as a catalyst for continuous improvement in auditing practice, education, and regulation reinforcing the trust foundation upon which global economic systems depend. Through rigorous methodological execution, this study seeks to provide a meaningful and impactful contribution to the advancement of auditing scholarship and practice.

The structure of this systematic literature review will be designed to ensure a coherent and comprehensive logical flow. Beginning with an introduction, the review will continue with a methodology section that explains in detail the criteria for searching, screening, and analyzing the literature used. The findings section will present a synthesis of relevant literature, categorized based on the identified key themes. The discussion section will critically analyze those findings, connect them with existing theories, and discuss their implications. Finally, the conclusion will summarize the main findings, state the limitations of the research, and provide recommendations for future research as well as practical implications.

3. Method

This study employs a *Systematic Literature Review* (SLR) approach to examine how auditor ethics contribute to audit quality. SLR was selected due to its ability to systematically identify, evaluate, and synthesize empirical findings in a transparent and unbiased manner. The review process followed a predefined protocol that ensured consistency and replicability, including the formulation of research questions, development of a comprehensive search strategy, establishment of inclusion and exclusion criteria, systematic study selection, structured data extraction, and methodical synthesis.

The data sources consisted of 20 peer-reviewed articles published between 2019 and 2025 that explicitly examined the relationship between auditor ethics and audit quality. Articles were selected based on topical relevance, publication quality, empirical methodology, and geographical diversity. To ensure validity and broad representation, the sample included ten national articles indexed in SINTA 1-3 and ten international articles indexed in Scopus Q1-Q4. The selection process involved multi-stage screening of titles, abstracts, and full texts, supported by three independent reviewers to minimize subjective bias.

The findings were synthesized using a narrative synthesis approach by categorizing studies into key thematic areas: the direct influence of auditor ethics on audit quality, moderator variables affecting this relationship, and determinants influencing the implementation of ethical practices in auditing. This method allowed the study not only to summarize existing evidence but also to critically assess patterns, inconsistencies, and gaps in the literature, providing comprehensive insights into the role of ethics in maintaining audit quality.

4. Result And Discussion

Characteristics of the Reviewed Articles

Based on the conducted mapping, a total of 20 articles were successfully identified and analyzed in depth. These articles were sourced from various peer-reviewed scientific journals covering topics related to auditor ethics, audit quality, and the factors that affect them. Most studies employed quantitative approaches using survey methods with questionnaires, involving auditors from various levels and Public Accounting Firms in multiple regions both in Indonesia and internationally. Several studies also utilized archival analysis and bibliometric studies.

The Direct Effect of Auditor Ethics on Audit Quality

The analysis of the 20 selected articles led to the identification of several key themes relevant to the study titled “Auditor Ethics as the Foundation of Audit Quality.” These themes include:

Studies Supporting the Positive Effect

Most studies consistently indicate that auditor ethics have a significant effect on audit quality. Auditors who uphold ethical principles such as integrity, objectivity, competence, and confidentiality tend to produce higher-quality audits. This is because ethics form the foundation of auditor behavior, ensuring objectivity, honesty, and accuracy in performing audit tasks, thereby enhancing the auditor’s ability to detect and report misstatements. Several studies show a positive effect between auditor ethics and audit quality as follows:

- a. Fau et al. (2021) conducted a study on 22 Public Accounting Firms in Medan with a sample of 94 auditors and found that professional ethics have a significant and positive effect on audit quality, both simultaneously and partially. This study emphasizes that when auditors uphold professional ethics, it encourages them to deliver high-quality audits.
- b. Meidawati and Assidiqi (2019) conducted a study in Semarang involving 45 auditors and found that auditor ethics have a significant and positive effect on audit quality. Auditors with strong commitment to professional ethical codes tend to produce higher-quality audits, independent of financial or time pressure.
- c. Samagaio et al. (2025) in Portugal involving 96 auditors found that organizational ethical culture is an important factor that drives an increase in professional skepticism and reduces reduced audit quality practices (RAQP). The findings show that auditors working in environments with strong ethical cultures are better able to maintain quality standards even when facing tight time pressure.
- d. Yulianti et al. (2022) through a study involving 348 auditors across Indonesia using the SEM approach found that auditor ethics have a significant and positive effect on audit quality. This study also identified that dysfunctional audit behavior plays a moderating role in the relationship between ethics and audit quality.
- e. Sangadah (2022) in Yogyakarta involving 82 auditor respondents found that accountability (which is closely related to ethics) and auditor independence significantly affect audit quality.
- f. Yulanda et al. (2021) examined the effect of professional skepticism, professional ethics, and audit risk on audit quality. The study found that professional ethics have a significant effect on audit quality, indicating that auditors who uphold ethics take full responsibility for the outcomes of their audit reports.

Mechanisms of the Relationship Between Ethics and Audit Quality

The analysis of the reviewed articles identified several mechanisms through which ethics affect audit quality:

- a. Through Professional Skepticism: Strong ethical values encourage auditors to maintain a skeptical attitude when evaluating audit evidence, not easily accepting client explanations, and continuously questioning underlying assumptions.
- b. Through Integrity and Objectivity Ethical auditors tend to uphold their integrity by refusing to compromise in reporting findings, even when facing pressure from clients or superiors.
- c. Through Avoidance of Dysfunctional Behavior: Strong ethics reduce the likelihood of auditors engaging in dysfunctional behaviors such as underreporting time, reducing necessary audit procedures, or proposing inaccurate audit findings.
- d. Through Professional Commitment Internalized ethical standards motivate auditors to remain committed to professional requirements despite pressure related to time and costs.

Moderating Factors in the Relationship Between Ethics and Audit Quality

In addition to auditor ethics, several studies identified other factors that directly or indirectly influence audit quality. These variables often interact with or are moderated by auditor ethics. Several articles identify variables that moderate or strengthen the relationship between ethics and audit quality:

- a. **Organizational Ethical Culture**
Organizational or firm ethical culture is a necessary condition for establishing professional skepticism (Samagaio et al., 2025). Audit firms with strong ethical cultures possess clear value systems, effective ethical communication mechanisms, and strict sanctions for ethical violations, which encourage individual auditors to behave more ethically.
- b. **Professional Commitment**
The study by Al-Rawashdeh et al. (2024) shows that auditors' professional commitment moderates the relationship between time pressure and audit quality through professional skepticism. Auditors with high professional commitment are more capable of maintaining ethical standards and audit quality even when facing extreme time pressure.
- c. **Locus of Control**
Internal locus of control strengthens the influence of ethics and auditor independence on audit quality (Fawziah et al., 2023). Auditors with an internal locus of control (who feel responsible for their work outcomes) are more motivated to apply high ethical standards. Conversely, an external locus of control weakens this influence.
- d. **Workload and Time Budget Pressure**
Khulsum et al. (2025), through research conducted in Indonesia, found that in the context of high workload, ethics and professional commitment become increasingly essential to maintain audit quality. Motivation as a moderating variable can strengthen the relationship between competence and audit quality, even under high pressure.
- e. **Religiosity**
Religiosity is an important factor that can moderate the influence of situational and dispositional factors on audit quality threatening behavior (AQTb). Liu et al. (2023) found that religiosity has a significant moderating effect. For instance, religiosity can strengthen the negative relationship between professional commitment and AQTb, indicating that religious auditors tend to adhere more to their professional commitment and avoid behaviors that reduce audit quality.
- f. **Dysfunctional Audit Behavior**
Dysfunctional audit behavior, such as underreporting time or neglecting necessary procedures, can significantly decrease audit quality. Yulianti et al. (2022) found that dysfunctional audit behavior can moderate the relationship between ethics and audit quality. This indicates that even when auditors possess strong ethical values, the presence of dysfunctional behavior can weaken the positive influence of ethics on audit quality.
- g. **Technology in Audit**
Advances in technology, such as visual recognition technology (VRT), have also begun to be discussed in the context of ethics and audit performance. Alaskar et al. (2025) highlight that technology adoption in auditing must balance performance expectations with ethical concerns. Ethical concerns may negatively affect technology adoption intention, indicating that ethical considerations are as crucial as operational efficiency.

Differences in Findings and Areas of Inconsistency

Although most studies found a positive relationship between auditor ethics and audit quality, several important nuances were identified:

- a. Significance Level of Other Variables: Several studies found that competence and professional skepticism have a stronger effect on audit quality compared to ethics alone. This indicates that ethics is required as a foundation, but not always sufficient. The combination of ethics with competence, skepticism, and other factors often provides a more comprehensive explanation of audit quality.
- b. Geographic Context: Findings in Indonesia show consistent results regarding the importance of ethics. However, studies in other countries such as Portugal (Samagaio et al., 2025) highlight the more dominant role of organizational culture in encouraging professional skepticism. Similarly, research in the United States (McKenna et al., 2021; Stice et al., 2022) often focuses on the effect of scandals or individual auditor quality. These differences underline the importance of considering specific contexts including national culture, regulations, and organizational structure.
- c. Definition of Ethics: Some articles define ethics broadly, including accountability, integrity, and objectivity. Meanwhile, others focus more specifically on compliance with formal codes of ethics. These definitional differences may affect research results. Likewise, ethical measurements that are often self-reported, as acknowledged in many articles' limitations, may be vulnerable to social desirability bias.
- d. Negative or Insignificant Effects: Some studies reported less consistent or even negative findings. For example, Wijaya et al. (2021) found a negative and significant effect of auditor ethics on audit quality in several partial analyses, although it had a significant effect simultaneously. This may be caused by complex interactions with other variables or methodological limitations.
- e. Diverse Moderating Roles: The role of ethics as a moderator also varies. Pradnyayani & Wirama (2019) found that auditor ethics does not moderate the effect of competence and time budget pressure on audit quality at BPK RI Bali, which is associated with the hierarchical review system and dominant auditor experience. Conversely (Wulandari & Latrini 2024) showed that professional ethics significantly strengthens the effect of independence, integrity, and skepticism on audit quality at BPK RI Bali. These differences emphasize the complexity of interactions among variables.

Research Methodology and Study Quality

The methodological analysis indicates:

Methodological Aspect	Observation
Research Design	Mostly cross-sectional; no longitudinal studies
Measuring Tools	Using self-reported Likert scales; vulnerable to social desirability bias
Sample Size	Ranging from 45–348; a small portion (45–50) is less representative
Control Variables	Most studies controlled demographic variables, although some did not control auditor experience
Analysis	Using regression, PLS-SEM, SEM approach; solid analytical techniques

Synthesis of Findings

A systematic analysis of the 20 reviewed articles produced a comprehensive synthesis of findings regarding the role of auditor ethics as the foundation of audit quality. These findings can be categorized as follows:

- a. **Strong Evidence of a Positive Effect of Ethics on Audit Quality**
The consistency of findings across various geographic contexts (Indonesia, Portugal, the United States, Jordan, Malaysia) and diverse methodologies (quantitative, archival analysis, bibliometric studies) convincingly indicates that auditor ethics has a significant and positive effect on audit quality. These findings are aligned with the principles of deontological ethics theory, which emphasizes the moral obligation to act in accordance with applicable norms and principles, ultimately generating proper actions and outcomes. Ethical auditors demonstrate key characteristics that contribute to audit quality, including:
 - **Greater Transparency in Reporting Audit Findings:** Ethical auditors tend not to conceal or manipulate audit findings, ensuring that reported information is accurate and truthful.
 - **Greater Resistance to Client Pressure to Manipulate Reports:** Auditor integrity and objectivity based on ethical principles serve as a strong safeguard against client attempts to influence audit outcomes for personal gain.
 - **Greater Thoroughness in Collecting and Evaluating Audit Evidence:** Ethics encourages auditors to conduct careful and objective testing of evidence, rather than accepting client claims without adequate verification.
 - **Higher Consistency in Applying Audit Standards:** Ethical auditors are committed to adhering to applicable auditing standards, ensuring that each engagement is performed in accordance with industry best practices.
- b. **Ethics as a Necessary but Not Sufficient Factor**
Although ethics plays a fundamental role, auditor ethics alone does not always guarantee high audit quality. In line with the view that audit quality is a multifaceted phenomenon, studies show that a combination of ethics with other factors such as technical competence, professional skepticism, and organizational commitment results in optimal audit quality. Competence ensures that auditors possess adequate knowledge and skills, while skepticism encourages critical evaluation of evidence. Organizational commitment demonstrates dedication to shared objectives, including achieving high audit quality.
- c. **The Role of Organizational Context and Ethical Culture**
Organizational ethical culture plays a crucial role in shaping and encouraging ethical behavior among individual auditors. Audit firms with strong ethical cultures characterized by clear values, consistent ethical communication, secure reporting mechanisms, and strict sanctions for violations tend to produce more ethical auditors and ultimately higher-quality audits.
- d. **Moderating of Pressure and Commitment**
In situations with high pressure, such as time budget pressure or heavy workload, auditors' professional commitment becomes a critical element in maintaining ethical standards and audit quality. Auditors with an internal locus of control (feeling personally responsible for work outcomes) and strong professional commitment are better able to uphold integrity and objectivity under pressure. This commitment acts as a buffer against factors that may potentially reduce audit quality.
- e. **Moderating and Mediating Effects of Other Factors**
Beyond its direct influence, auditor ethics and related factors interact with other variables. Dysfunctional audit behavior (DAB) is identified as a moderator that can weaken the positive influence of ethics or professionalism on audit quality. Conversely, professional skepticism often acts as a mediator between time pressure and audit quality, indicating that skeptical auditors are more capable of resisting the negative effects of time pressure.
- f. **Impact of Technology and Other Individual Factors**
More recent studies have begun to explore additional dimensions, such as the impact of technology (e.g., visual recognition technology) on audit adoption and ethical

considerations. Moreover, dispositional factors such as emotional intelligence and religiosity also show potential influence on auditor behavior, including the ability to detect fraud and reduce behaviors that threaten audit quality.

Theoretical Implications

The findings from this literature review provide reinforcement and expansion of several relevant theories in the field of ethics and auditing:

- a. **Moral Development Theory (Kohlberg)**
The consistent findings regarding the importance of auditor ethics strengthen Kohlberg's Moral Development Theory, which states that an individual's ability to make ethical decisions develops through continuous stages. The implication is that ethics education for auditors should not be static or one-time, but rather an integral and ongoing development process throughout their professional careers. This emphasizes the need for structured and continuous ethical training programs.
- b. **Theory of Planned Behavior (Ajzen)**
This review strongly supports the Theory of Planned Behavior (Ajzen), which predicts that the intention to behave ethically is influenced by attitudes toward the behavior, subjective norms (perceptions of what others expect), and perceived behavioral control. The findings regarding the role of organizational culture as an important moderator confirm that external factors (situational and organizational norms), together with internal factors (attitudes and beliefs), significantly influence the intention of auditors to act ethically.
- c. **Attribution Theory**
Studies examining locus of control (Rotter) directly support Attribution Theory. Auditors with an internal locus of control, who tend to attribute outcomes to their own efforts and actions, demonstrate a stronger commitment to ethics and audit quality compared to those with an external locus of control. This underscores the importance of fostering a sense of ownership and personal responsibility among auditors.
- d. **Agency Theory**
In the auditing context, Agency Theory explains the role of auditors as third parties who monitor agents (management) on behalf of principals (shareholders or the public). Strong auditor ethics, integrity, and independence are crucial for performing this monitoring function effectively, ensuring that auditors act in the public interest rather than solely in favor of management interests.
- e. **Contingency Theory**
Findings showing that time budget pressure does not always have a negative effect on audit quality or that other factors such as auditor experience and the quality control system at BPK become more dominant can be associated with Contingency Theory. This theory states that there is no universally best approach; effectiveness depends on specific situational contexts. In the auditing field, factors such as experience, organizational structure, and work culture can modify the effect of other variables.

Practical Implications

The synthesis of findings provides significant practical implications for various stakeholders within the audit ecosystem:

- a. **For Public Accounting Firms**
 - **Development and Strengthening of Continuous Ethical Training Programs:** A one-time ethical orientation is insufficient. Public Accounting Firms need to integrate regular ethics training that includes relevant case studies and contemporary ethical dilemmas, while continuously updating training curricula in line with industry developments.
 - **Building an Organizational Culture that Prioritizes Ethics and Integrity:** Top management must consistently demonstrate strong commitment to ethical

values. This includes establishing clear ethical standards, maintaining transparent communication regarding ethical issues, and enforcing ethical policies consistently.

- Implementation of Incentive Systems that Reward Ethical Behavior: Performance evaluations and compensation systems should not only emphasize quantitative outcomes, but also compliance with ethical standards and professionalism.
 - Strengthening Effective Whistleblowing Systems: Firms should provide safe and confidential channels for auditors to report ethical violations without fear of retaliation. This is crucial for early detection of ethical issues before they escalate.
 - Mentoring and Coaching for Junior Auditors: Senior auditors with strong integrity and ethical behavior should actively guide junior auditors, serve as positive role models, and assist them in navigating ethical dilemmas.
- b. For Oversight Bodies and Regulators
- Strengthening National and International Ethical and Audit Quality Standards: Regulators need to continuously review and update ethical guidelines and auditing standards to reflect emerging challenges and risks, including those related to technology and globalization.
 - Conducting In-Depth Investigations into Auditor Ethical Violations: Enforcing strict and transparent sanctions for ethical misconduct is essential to maintaining the credibility of the profession. Investigations should also consider the role of organizational culture within audit firms.
 - Providing Regulator-Facilitated Continuous Ethics Training Programs: Regulators can play a role in organizing or facilitating high-quality ethics training programs for all auditors, ensuring a consistent minimum standard of ethical understanding and implementation.
 - Enhancing Transparency of Audit Firm Inspection Results: Publishing audit firm inspection outcomes particularly those related to quality and ethics can provide valuable information to audit service users and encourage internal improvements within firms.
- c. For Accounting Education Program
- Integration of Ethics Across the Entire Curriculum: Auditor ethics should not be limited to a single standalone course but integrated throughout various courses, demonstrating its relevance in all aspects of accounting and auditing practice.
 - Utilization of Applicable Case Studies and Simulations: Effective ethics education involves in-depth discussions of real-world scenarios and case studies, as well as simulations that allow students to experience ethical dilemmas and practice decision-making.
 - Development of Ethical Culture within Educational Institutions: Educational institutions should serve as role models in upholding ethical values, fostering a learning environment grounded in honesty, integrity, and responsibility.
 - Involvement of Audit Practitioners in Teaching and Mentoring Students: Practitioners with strong ethical experience can share valuable insights and mentor students, providing essential real-world perspectives.

Research Limitations and Gaps

Despite the valuable insights provided by the reviewed literature, several limitations and research gaps need to be identified to guide future studies:

- a. Dominance of Cross-Sectional Research Design

Most studies employed cross-sectional designs, which only capture relationships between variables at a single point in time and therefore cannot definitively

determine causal relationships. Future studies should incorporate more longitudinal approaches to track how changes in individual or organizational ethics influence changes in audit quality over time, as well as to better understand the dynamics of these relationship.

b. Dependence on Self-Reported Data

A majority of the reviewed studies relied on self-reported questionnaires, which are prone to social desirability bias and perceptual bias. Auditors may overreport ethical behavior relative to actual practice. Future research should consider incorporating more objective data such as regulatory inspection results, external quality review findings, or content analyses of audit reports to validate the conclusions.

c. Limited Geographic Context

Although studies come from several countries, approximately 70% of the reviewed research originates from Indonesia. This limits the generalizability of the findings across different cultural and regulatory environments. More cross-country comparative studies are needed to examine how cultural, economic, and institutional factors influence the ethics–audit quality relationship.

d. Insufficient Exploration of Moderator and Mediator Variables

Although several moderators and mediators have been identified (e.g., ethical culture, professional commitment, skepticism), many other influential variables remain underexplored. These include cumulative audit experience, level of formal education, auditor gender, audit firm size, and the influence of technological trends such as artificial intelligence (AI) and automation in auditing.

e. Conceptual Overlap between Ethics and Integrity

Some studies use the terms integrity and ethics interchangeably or fail to clearly distinguish between them, despite their conceptual differences. Integrity often refers to honesty and moral steadfastness, whereas ethics encompasses a broader set of behavioral principles and standards. Future research should provide clearer conceptual distinctions and separate measurement of these constructs to better understand their specific contributions.

f. Limitations in Objectively Measuring Audit Quality

Audit quality is often measured using proxies such as financial statement restatements, regulatory inspection findings, or user perceptions each of which has inherent limitations. More advanced research is needed to develop more direct and objective measurements of audit quality, potentially by combining multiple metrics or utilizing more in-depth qualitative data.

Unanswered Research Questions

Based on the analysis of the identified limitations and research gaps, several key questions remain unanswered and present potential avenues for future studies:

a. How Do Auditor Ethics Interact with Emerging Technologies (AI, Automation) in Influencing Audit Quality?

As audit technologies become increasingly sophisticated, how do auditor ethics adapt to and interact with these new tools? Can technology strengthen or instead undermine the application of ethics, and how does this interaction affect overall audit quality?

b. Does the Effect of Ethics on Audit Quality Differ Between Internal and External Auditors?

Internal auditors operate within the same organizational environment, while external auditors maintain independent perspectives. Differences in work settings and associated pressures may influence how ethics translate into audit quality outcomes.

c. How Do Team Collaboration and Competence Affect the Ethics-Audit Quality Relationship?

Modern auditing is commonly performed in teams. How do team dynamics including collaboration, communication, and collective competence shape individual auditors' ethical behavior and the overall audit quality?

- d. What Are the Long-Term Impacts of Ethics Training on Auditor Professional Development?

Beyond its immediate effects on audit quality, how does investment in ethics training influence auditors' long-term professional growth, their ethical decision-making capabilities, and talent retention within audit firms?

- e. How Do Ethical Crises or Scandals in Audit Firms Affect Individual Auditors' Ethical Conduct?

Major scandals, such as those experienced by KPMG (McKenna et al., 2024), may have extensive consequences. How do such events shape individual auditors' perceptions, trust, and ethical behavior within the firm, and how do these impacts extend to the quality of client audits?

5. Conclusion

This Systematic Literature Review (SLR) has comprehensively analyzed the relationship between auditor ethics and audit quality, based on a systematic review of 20 empirical articles published between 2019 and 2025. This analysis explores the direct influence of auditor ethics, the underlying mechanisms, as well as supporting and moderating factors that affect this relationship.

The findings of this SLR consistently and strongly reveal that auditor ethics have a significant and positive effect on audit quality. Auditors who demonstrate a high commitment to ethical values such as integrity, objectivity, professionalism, and compliance with ethical codes tend to produce higher-quality audit outcomes. This improved audit quality is reflected in accurate reporting of findings, resistance to manipulation pressure, thorough evidence gathering, and consistency in applying auditing standards. The consistency of these findings across various geographical contexts, research methodologies, and sample sizes emphasizes the universal role of ethics in the auditing profession.

Auditor ethics not only contribute directly, but also operate through several crucial mechanisms that significantly influence audit quality. These mechanisms include:

- a. Professional Skepticism: Strong ethical values foster a critical and skeptical attitude in auditors. This encourages them to actively question, verify, and thoroughly evaluate audit evidence rather than merely accepting information provided by clients.
- b. Integrity: High ethical integrity ensures that audit findings are reported honestly and accurately without manipulation, concealment, or undue bias.
- c. Objectivity: Ethical principles drive auditors to maintain a neutral and impartial approach, free from conflicts of interest when evaluating evidence and making audit judgments.
- d. Resistance to Pressure: Auditors with a strong ethical foundation are more capable of resisting unethical pressures from clients, management, or even internal organizational parties that may compromise audit quality.

Although ethics play a fundamental role, this SLR emphasizes that auditor ethics alone may not be sufficient to ensure optimal audit quality. The highest level of audit quality is achieved when ethics work collaboratively with other supporting factors such as adequate technical competence, strong professional skepticism, strong organizational commitment, and relevant work experience. This multidimensional combination is the most effective in enhancing audit quality. The positive relationship between auditor ethics and audit quality is strengthened by several key factors. These factors act as catalysts that sustain and enhance the application of ethical behavior in audit practices:

- a. Strong Ethical Organizational Culture in Audit Firms: Audit firms with a solid ethical culture that prioritizes integrity and professionalism create an environment that supports auditors in adhering to ethical conduct.
- b. High Professional Commitment of Auditors: Auditors with strong dedication to their profession and professional standards tend to comply with ethical principles even under pressure.
- c. Internal Locus of Control of Auditors: Auditors who feel personally responsible for their actions and work outcomes (internal locus of control) are more motivated to act ethically and maintain audit quality.
- d. Effective Internal Quality Control Systems: Well-designed internal quality control mechanisms within audit firms help identify and address potential ethical or professional weaknesses.

RECOMMENDATION

Based on the conclusions already formulated, the following strategic recommendations are proposed to enhance audit quality through the strengthening of auditor ethics:

- a. Short-term:
 - Implementation of Specialized Ethical Training Programs: Develop and implement ethics training programs focused on contemporary ethical dilemmas faced by auditors, utilizing real case studies and interactive simulations. These programs should be tailored to different auditor levels (junior, senior, and manager).
 - Strengthening Ethics-Based Peer Review Mechanisms: Encourage peer review practices that not only focus on technical audit aspects but also explicitly assess and provide feedback on auditors' ethical behavior and professionalism.
 - Development and Promotion of Secure and Effective Whistleblowing Systems: Ensure the availability of confidential, intimidation-free, and well-monitored reporting mechanisms for ethical violations, with strong follow-up actions by audit firm management.
- b. Medium-Term:
 - Organizational Culture Transformation within Audit Firms: Promote fundamental changes in the organizational culture of audit firms to consciously prioritize ethics, integrity, and audit quality over purely business growth targets. This requires top-level leadership commitment and the integration of ethical values into all operational aspects.
 - Development of Mentorship Programs Led by Ethical Senior Auditors: Establish formal mentorship programs where senior auditors with strong ethical and professional track records guide junior auditors, instill ethical values, and serve as role models.
- c. Long-term:
 - Revision of Accounting Education Curriculum for Holistic Ethics Integration: Review and revise accounting education curricula in higher education institutions to integrate ethics holistically not only as a separate course but embedded across relevant subjects. The use of comprehensive and contemporary case studies related to modern audit practices is crucial.
 - Development of Stricter, Clearer, and More Adaptive Ethical Standards: Encourage regulatory and professional bodies to consistently review and reinforce ethical standards, ensuring their clarity and adaptability to technological advancements, globalization, and emerging challenges in audit practice.
 - Encouraging Continuous Research on Factors Influencing Auditor Ethics: Support and fund ongoing research to explore the complex factors shaping

auditor ethics, including cultural, technological, regulatory, and leadership influences.

Contribution to Future Research

This SLR has identified several significant research gaps and provides directions for future studies:

- a. Urgent Need for Longitudinal Studies: Since most existing studies are cross-sectional, longitudinal research is required to understand the evolution of auditor ethics over time, how such changes affect audit quality, and to more accurately examine causal relationships.
- b. Importance of Cross-Country Research: To better understand the influence of cultural, social, and economic factors on auditor ethics and audit quality, more extensive cross-country studies are necessary. Such comparative analyses will provide richer insights into variations and similarities in global audit practices.
- c. In-Depth Exploration of Technology's Impact on Audit Ethics: With the rapid adoption of technologies such as Artificial Intelligence (AI) and automation in auditing, future research needs to explore how these technologies influence auditors' ethical dilemmas, their ability to maintain independence and objectivity, and how ethics interacts with technology in producing high-quality audits.
- d. Objective Data Analysis Beyond Self-Reported Measures: Considering the limitations of self-reported data, future studies should strive to utilize more objective data such as regulatory inspection results (e.g., PCAOB, BPK), external quality review data, or in-depth content analysis of audit reports to validate findings and offer a more accurate depiction of audit quality and ethical practice.
- e. Comparative Studies Between Internal and External Auditors: Examining how auditor ethics influences audit quality in internal and external auditors will provide a more nuanced understanding, given the differences in working environments, pressures, and role objectives.
- f. Further Investigation on the Role of Organizational Culture and Leadership: Although frequently discussed, more research is needed to deeply analyze how various elements of organizational culture (values, norms, incentive systems, leadership style) specifically influence auditors' ethical behavior and ultimately audit quality.

Thus, this SLR reaffirms that auditor ethics is not merely compliance with rules, but a moral foundation essential to the integrity and credibility of the auditing profession. Strengthening ethics at the individual, organizational, and regulatory levels constitutes a crucial investment to ensure the sustainability of audit quality and maintain public trust.

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