

The Effect of Organization Ethical Culture and Ethical Climate on Ethical Decision Making of Auditor with Self Efficacy as Moderating

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ABSTRACT

This study aims to examine the determinants of ethical decision making of auditor such as organizational ethical culture and ethical climate with self-efficacy as moderating variable. The factors examined in this study are ethical organizational culture and ethical climate used as the independent variables, while the ethical decision making is the dependent variable and self-efficacy is a moderating variable. The respondents of this study are 63 auditors in Central of Jakarta. The data used are primary data and selection of samples is based on a convenience sampling method. The study used multiple linear regression analysis and residual test at significance level of 5%. The result of hypothesis testing showed simultaneously that the two independent variables, organizational ethical culture and ethical climate, have effect on ethical decision making of auditors. Whereas, the partial results of this study showed that organizational ethical culture and ethical climate influence ethical decision making of auditor. This study also tested the type of ethical climate that is most influential on ethical decision making. The results indicate that laws and codes of ethical climate are a type of the most influential among other types of ethical climate. In addition, self-efficacy is proven to moderate the organizational factors - organizational ethical culture and ethical climate. The effect is inversely proportional to or weakens the influence of both variables independent of ethical decision making of auditor.

Keywords: Organizational Ethical Culture (EOC), Ethical Climate (EC), Self Efficacy (SE), Ethical Decision Making (EDM).

1. Introduction

The corporate scandals wave and unethical actions on Wall Street has brought interest in the role of ethics in the organization. There is increasing support that the errors in the organization play an important role in encouraging or discouraging ethical or unethical action (Trevino, Weaver and Reynolds, 2006). On an international scale, the integrity of accountants tarnished by scandals that hit several companies such as the scandal cases of Enron, World

Com, Tyco and other cases. The case of the bankruptcy of Enron in 2001 is the largest case that involved the accounting firm Arthur Andersen. This case highlights the moral failure at the same company and tarnish the public accounting profession in America at that time (<http://www.forbes.com/sites/kensilverstein/2013/05/14/Enron-ethics-and-corporate-todays-values/>, accessed on April 1, 2014).

The impact scandals occurred was a crisis in public confidence relate to audited financial statements. The role of the auditor to increase the credibility and reliability of the financial statements of fact are not quite as a guarantee and can not represent the true condition of the company. Code of Conduct which has been used as a weapon to uphold the practice of transparency and free of fraud was apparently not strong enough to face the properties of selfish and self-centered and economic greed which every business person. Code of Conduct in fact is not the only reason to behave ethically accountant.

In discussing about violations of ethical values in the business environment, it is not easy to solve the public accounting profession. Auditors are often faced with a difficult situation when they have to make a decision related to a particular ethical issue. The auditor must concentrate with the choice of a decision to be taken and the decision to be brought in facing big impact to related parties. They have to make a difficult decision in a pressure conflict of interest (conflict of interest). Accountants are required to be independent, but at the same time it is depending on the needs of their clients because of the fee received. This will continue especially when the results of the auditor's findings are not in accordance with the expectations of an audit client that raises conflict (Tsui and Gul, 1996 in Budi Saso, 2004). This audit conflict will develop into an ethical dilemma when the auditor is required to make decisions that are contrary to the independence and integrity with economic rewards that may occur or pressure on the other side (Windsor and Askhanasy, 1995 in Budi, 2004). Dilemma is what ultimately causes the auditor to act deviant and unethical act. Research in Koroy Schuetze (2007) even said that many auditors acts to serve or to advocate for the interests of the client instead.

To understand the role of ethics in the business environment, we need to use ethical code in the decision-making process. An ethical decision making is a long stage of beginning the process of identification, consideration, desire, into a behavior that is ethical or unethical about certain ethical issues. From the beginning of the process often auditors failed to identify a problem that is in contact with the area ethical. Auditors do not sensitive to the problems they face because of lacking moral consciousness in the individual or the organizational level. In this phase also appear different perceptions about the ethical values that are identified in various alternatives. The auditor then considers alternative decisions to be made, the impact for themselves, their organizations and to other stakeholders.

In this phase, auditors often put the consideration of their organization rather than others. Moral considerations then are driven by an intention or interest which then makes an action ethical or unethical. In this stage, the deviation often occurs because of ethical awareness has actually owned, but the pressure of the organization or a situation that is in the contrary toward the intention often change the auditors attitude in taking a decision. In addition, the rationalization of acceptable behavior that all businesses or accountant to do it also became a habit pattern that is considered reasonable that ultimately drive the auditors to behave unethically.

Many factors are thought to influence the ethical dimensions of business. Several factors are personal, varies on the individual decision-makers. Often, these factors may interact to alter the results. Over the last 25 years it has been quite a lot of research on the role of organizational environment and personal ethical behavior in organizations, particularly in two areas, namely the organization's ethical culture and ethical climate of the organization (Schneider and Barbera in the Oxford Library of Psychology, 2014). Jennifer, et al, (2010) conducted a meta-analysis of a comprehensive study of the antecedents of intentions and unethical behavior. In particular, they examine the characteristics of individuals and environmental organizations (ethical culture and ethical climate) as antecedents of intentions and unethical behavior.

In line with the meta-analysis of Martin and Cullen (2006), they found the effect between ethical culture and ethical climate on ethical intention and behavior. Arens (2012) also said that personal factors, company policies, and common practice in a variety of influential ethical issues. Flynn (2001) in his study says that self-monitoring as personal factors that influence ethical decision making accountants and managers. In addition, Flynn also described the company's policy as an ethical organizational culture and ethical climate as a common practice. Trevino (1986) and Falah (2007) also mention that the ethical culture of the organization is one of the factors that influence individual ethical decision making.

Ethical organizational culture is a system of shared values that contains ethics that influence employee behavior. Today, the stakeholders look at the company or organization as a living organism, with its own mind and will, so that organizational culture becomes important concern. Walt Disney Company, for example, requires all new employees to take a course in the study of the traditions and history of Disneyland and Walt Disney, including the ethical dimension of the company. Strong traditions of customer loyalty even encourage employees American Express to take steps to assist unorthodox customersto find the problem. Traditions and strong values that have now become the main driver of decision-making and basic behaviors in many companies, including McDonald's, IBM, Procter & Gamble, Southwest Airlines, and Hershey Foods (Fraedrich, et al, 2011: 236).

Ethical culture of the organization becomes a powerful tool for leaders to communicate the organizational values to all members of the organization. Leaders who develop and implement ethical culture will be followed by all members of the organization and make individual milestone to perform an action. Schein (1999) said that the company's ethical culture is something that is important, because a decision made without cultural awareness will lead to unexpected consequences and undesirable. The leader will be confronted with complex problems, when making decisions about how to determine the best way to achieve organizational goals in an environment that is too complex. Leaders who understand the ethical culture of the organization and seriously implement them will have the ability to predict the outcome of his decision in an effort to prevent the consequences that arise in the future. This is where the importance of organizational leaders in instilling moral values to be followed by all members of the organization so that decisions will tend to be more ethical.

Other empirical studies that examine the factors that influence the ethical decision making are the researches of Fritzsche (2000), Jennifer et al (2010), and Shacklock (2011). They argued that ethical climates affect to ethical decision making. Conceptual relationships have proven that between ethical climates with the interplay of ethical behavior is affecting each other (Wimbush and Shepard, 1994 in Fritzsche, 2000). The organizational culture guide

members to behave based on shared values, organizational climate affect individuals in the act of the mood or the atmosphere generally accepted in business. The climate is more short term, and that is happening now perceived within the organization. Moran and Volkwein (1992) in Shacklock, et al (2011) describes the organizational climate as a feature that embodies the collective perception of employees including innovation, autonomy, support, cohesiveness, trust, recognition, and justice. They see climate produced by the interaction of members of an organization, influencing and shaping behavior. Victor and Cullen (1993) suggests that when the ethical decision-making, climate principles (deontology), selfishness (teleology), and virtue strongly influence the attitudes and actions of individuals to act ethically or unethically.

2. Problem Identification and Research Questions

From the above background, the identification of problems that can be described as follows:

1. Corporate accounting scandal that involves many ethical violations indicates a failure of accounting firm's auditors in performing their duties in a professional manner in accordance with the applicable code of professional conduct.
 - a. Unqualified auditors opinion given in improving the credibility and reliability of the financial statements of fact do not always reflect the true condition of the company that led to the crisis of public trust in the audited financial statements.
 - b. Code of Conduct which has been used as a crutch to uphold healthy practices that are free from fraud does not seem strong enough to face the properties of "selfish" economic greed and selfish of each businesses owner. The existence of code of conduct is also not the only reason to act ethically for accountant.
 - c. The need for public accountants that depend on the fees will be received from the client in fact many of them make auditors to be serving or advocating the interests of the client. For this way the independence and integrity of the public accounting profession today is questionable.
 - d. Perception of different ethical and rationalization of each auditor regarding acceptable behavior legally and the majority (acceptable behavior) make a difference in the understanding of decision-making began to become moral awareness, judgment, intent and ultimately become unethical behavior.
 - e. The moral awareness of held high public accountant in fact does not guarantee the auditor to perform unethical acts because the intention of the environment in the form of a strong ethical climate so that the auditor decided to follow the environment, even though the auditor to know the action taken is unethical.
 - f. Ethical organizational culture is a tool for leaders to communicate about beliefs and values to all members of the organization. But it often does not affect the individual to act ethically.
 - g. Climate ethics derived from the atmosphere or the general atmosphere prevailing in the business that is produced by the interaction of members often form unethical behavior if the climate is dominated on personal interests and the interests of the company.
 - h. Low individual faiths (self-efficacy) cause those individuals to make unethical decisions. It is just because more likely depressed, avoid conflict and seek "safe" so that the independence and professionalism difficult to realize.

2. Based on the background of the above problems, the problems in this study can be formulated as follows:
 1. Does the organization's ethical culture affect ethical decision making of auditors?
 2. Does the ethical climates affect the auditor's ethical decision making?
 3. Does the self-efficacy able to moderate the ethical culture of the organization in influencing ethical decision making of auditors?
 4. Does self-efficacy able to moderate the influence of ethical climates in the ethical decision making of auditors?

3. Previous Researches

There are several reviews on the latest research, either directly or indirectly supporting the dependent variable (ethical decision making) and independent (organizational ethical culture and ethical climates) and self-efficacy in this study. David J. Fritzche (2000) argue about the results of analyzes of ethical climates and ethical dimension in ethical decision making. The sample was 285 HR managers at several companies. The data of this study were taken from the results of a survey using questionnaire data. This study uses the technique using principal components analysis with varimax rotation. The first variable is the dependent variable is the ethical decision making. The second variable is the independent variable: Proportion of relevant stakeholders and moral development Represented. From the research, it is evident that the ethical climate proportion of relevant stakeholders had no significant effect, being moral development Represented influence on ethical decision-making

Jennifer, et al (2010) examined the meta-analytic evidence about sources of unethical decisions at work. Several independent variables in this study are: 1) individual characteristics (Idealism, relativism, Machiavellianism, job satisfaction, gender, age, and educational level); 2) Moral Issues characteristics; 3) Characteristics of organizational Environment (egoistic ethical climate, benevolent ethical climate, ethical climate principled, ethical culture, code of conduct and code enforcement). The dependent variable is the intention and unethical behavior. From the research, are: 1) the effect on unethical intention: Idealism, relativism, Machiavellianism, concentration of effect, probability of effect, proximity, social consensus, climate virtues and principles, and code enforcement. 2) The effect on unethical behavior: Machiavellianism, locus of control, job satisfaction, climate egoistic, virtues and principles, and code of enforcement and code of existence.

Arthur Shacklock, Mark Manning, and Linda Hort (2011) examined the relationship of ethical climate type with HR managers of ethical decision making. The sample was all public sector institutions in the public sector, the state of Western Australia and Queensland, and the Australian Federal Government. The data of this study were taken from the results of a survey using questionnaire data. This study used a multivariate analysis of variance (MANOVA) because there is a difference between the two properties between ethical environments. There is a relationship of five different types of climates in ethical decision making for HR manager. It can be concluded that the type of law and the code becomes the strongest type of climate. The next strongest climate type is care, independent, and instrumental.

Parboteeah Praveen K., et al. (2010) examined the practices of managerial work in conjunction with the type of ethical climate. The sample in this study is the employees who work on the top 100 high-technology companies in Taiwan. The data of this study were taken

from the results of a survey using questionnaire data. This study used a multivariate analysis of variance (MANOVA) in which there are several variables x and y variables. The variable x is the age, gender, education, communication, and empowerment. While the variable y is three climate types developed by Victor and Cullen are egoism, virtue and principle. The results of the study were positively associated with climate communication principles and values more significant than climate egoism and virtue. Empowerment proven virtues and minimize climate encourages egoism climate.

Craig V. VanSandt, Jon M. Shepard and Stephen M. Zappe (2006) examined the relationship between ethical work climates with moral awareness. The sample of this research is in the several companies, namely bank regional, engineering, manufacturing, non-profit company, the police department, Integration utilities, and retail companies. This study tested using ANOVA for multiple types of climate and personal factors on moral awareness. The result of climate research is proven to make the principles and virtues have more members in moral awareness than ethical egoism climate. Personal factors: gender, age and the provision of ethics training significantly affect the type of ethical climate on moral awareness.

Jeffrey R. Cohen, Laurie W. Pant and David J. Sharp (2001) argued about research on ethical decision making regarding the differences between business students and professional accountants in Canada. The sample was a student of business and accounting junior and senior level in five universities in Canada and auditors working in the Big Five Canadian Firm with tenure of 3 to 5 years. The data of this study were taken from the results of a survey using questionnaire data. This study using Analysis of Covariance (ANCOVA) where there are several options in the variables x and y variables by adding a variable amplifier (covariates), namely gender and type of school level into the model so as to strengthen the accuracy / precision of analysis and improve the statistical significance. The results of the study are the criteria of fairness and equality dominate DIT (Defining Issues Test). These means most dominating virtue climates of ethical decision making are in the trial scheme, namely moral awareness, moral orientation, and moral intent.

4. Theoretical Framework and Hypothesis

This study aims to examine the independent variables are organizational ethical culture and ethical climates directly or interaction with self-efficacy on the dependent variable, namely the process of ethical decision making in the form of moral awareness, moral judgment and moral intent until formed into ethical behavior (moral behavior). In ethical decision making, which is very influential stage to become a behavior is ethical or unethical is a moral awareness, moral judgment and moral intent. Early stages, the auditor identify the problems encountered, whether or not containing ethical content. From those stages, the auditors consider the available alternatives and their consequences of the decisions taken. The next stage, the auditor wishes to perform an action of the various alternatives available. Awareness, consideration, and moral intentions auditors are influenced by the values of the organization's ethical culture that was been introduced by leaders within the organization.

Ethical culture of the organization into a powerful tool for leaders within the firm to communicate the beliefs and values to all members of the organization to have members awareness and sensitivity to ethical issues and decision containing ethical content. Leader's Ethical action, no compromise on ethical behavior, does not let the uncertainty to act ethical behavior. It can not be tolerated, up to a given system of sanctions on leader's unethical

actions, whether undertaken for personal or corporate interests. It also will affect sensitivity awareness, considerations, and moral intentions for auditors in the decision making process. The higher ethical culture instilled in leadership will be indicated an improvement for auditor ethics in decision making. In other words, actions or behavior of auditors will tend to be more ethical if there were applicable ethical culture within the organization, and vice versa. From these statements, hypotheses can be drawn a conclusion that: H1: ethical organizational culture affect ethical decision making of auditors.

In addition to the influence of organizational ethical culture, ethical climate also indicates influence the auditor's ethical decision making, both at the level of moral awareness, moral judgment and moral intention. Perspective of employees at a particular ethical dilemma is not only come from their own opinions and judgments, but also from consideration coworkers and supervisors and how to deal with the dilemma of organizational authority. All of these conditions combined raises employees' perception of corporate ethical climate. Perception or attitude with which to influence ethical decision making can be formed because it is in the organization of the people. Those are expected to be subject to the laws and professional standards appropriate considerations (law and codes). Organizational decisions are guided by a set of local rules, which is guided by any action in order to advance the interests of the company (company profits). They are directed to act according to personal ethics (independence). The primary responsibility of each action in accordance with the purpose of corporate efficiency or action focuses on the concern for the common good, both for the welfare parties inside and outside the company.

Ethical climate is a shared perception of the organization's members about whether a behavior is ethical and what issues should be addressed. All of them indicate the disclosure will increase if the trends of ethical behavior that affect ethical climate are as deontology and virtue. In contrast, egoistic or teleological ethical climate will affect the likelihood of unethical behavior. The habit of the practice (common practice) in the work environment will be directly affects the auditor in the action. From the explanation of the statement regarding the difference ethical decision making which is caused by the ethical climate in the organization, the second hypothesis can formulated as follow: H2: Ethical climate affect the auditor's ethical decision making.

In addition to the above external factors, internal factors also indicate an effect on ethical decision making of auditors. Often the individual and organization factors interact to alter the results. Internal factors can change the type of a particular decision becomes another type of decision. With these considerations, the authors wanted to see whether individual factors may affect the relationship between organizational factors on ethical decision making of auditors. If there are significant, the authors want to see whether the influence will be weaken or strengthen the ethical decision making. One of the personal factors that influence is the self-efficacy. Self-efficacy is one of the developments of an internal locus of control in a person's believing about his ability to perform an activity successfully. Hackett and Betz (1981) in Herath (2002) state that self-efficacy as a variable that affects the behavior of the academic achievement, and career decisions, and career adjustment. Individuals who have high self-efficacy will be more persistent in trying to reach the goal even when facing difficult or challenging situations (conflict). Individuals who have low self-efficacy will have a low effort or easy to give up when facing the difficulties (Bandura, 1986). Bandura says that proven self-efficacy to influence of the behavior is ethical or unethical auditor directly.

Ethical culture of the organization that became the tool for leaders in the accounting firm to communicate the organization believing and values to all members of the organization is indicated to determine members in trying to understand, and to realize the difficult situation (conflict), especially when it is associated with ethical dilemmas in the decision that involves a strong confidence about the individual ability (self-efficacy) to solve problems. Self-efficacy is a person's ability to make an assessment (judgment) to the environment. It will be indicated by the organizational relationships influence in ethical culture for ethical decision making. Someone who has usual high self-efficacy will set challenging goals of any given task and maintain strong commitment. Therefore, if the ethical culture is considered incompatible with organizational beliefs and goals, then this will only weaken the organization's ethical culture in making ethical decision. From these statements, the researchers want to see whether self-efficacy can moderate the ethical culture of the organization in influencing ethical decision making, and if so, how it affects the two variables, whether the weakening or strengthening. Through this thinking can be derived hypothesis such as: H3: Self-efficacy may moderate the ethical culture of the organization in influencing ethical decision making of auditors; and H4: Self-efficacy may moderate the influence of ethical climate in the ethical decision making of auditors

Based on the theoretical framework described above, briefly this hypothesis can be formulated as follows:

- H1: Ethical organizational culture affect ethical decision making of auditors.
- H2: Ethical climate affect the auditor's ethical decision making.
- H3: Self-efficacy may moderate the ethical culture of the organization in influencing the ethical decision making of auditors.
- H4: Self-efficacy may moderate the influence of ethical climate in the ethical decision making of auditors

5. Research Method

The design of this study is a survey research. The data needed in research are primary data in the form of perceptions (opinions, attitudes and experiences) of auditors. The research data was collected directly from auditors in public accounting firm through the questionnaire to the designated address in the area of Central Jakarta. The method is carried out because the firm is still in the distance that can still be reached in accordance with the research capabilities and in addition this method can improve the response rate. The population in this study was an auditor in public accounting firm in Central Jakarta. Technique of determining the sample in this study is by using a convenience sampling technique. Convenience sampling method is a method of selecting a sample from a population whose data element is obtained by researchers.

Measurement instruments used in this study is based on instruments that have been made by previous investigators. Each instrument is measured by using a Likert scale with seven categories, namely: (1) strongly disagree, (2) disagree, (3) somewhat disagree, (4) neutral, (5) somewhat agree, (6) agree, and (7) strongly agree. The research instrument was taken through descriptive statistics which is an overview of the demographics of survey respondents that covers the age and years' service of respondents. Measurement of central tendency is such as the maximum value, the minimum value, the statistical mean, and the standard deviation in the range of disclosure to clarify the description of respondent.

6. Research Finding

6.1. Statistical Description

Based on Table 6.1 shows the distributed questionnaires to respondents were as many as 80 auditors. 2 questionnaires of auditor respondents were dropped because of defective and did not in accordance with the questionnaires instructions filling. 65 questionnaires of auditor respondents werewell collected. So, overall decent numbers of questionnaires of auditor respondents being used for analysis are 63 questionnaires of auditor respondents (78.75 % of the totalquestionnaires of auditor respondents). Due to researchers distributed questionnaires during the peak seasons, and during auditor's very high workload conditions, the time of research and the number of respondents obtained were very limited. In addition, respondents who did not return the questionnaire because most ofthem were on duty outside of the office until the time specified return for questionnaires were elapsed.

Table6.1.Detail Delivered and Returned Questionnaires

Questionnaires	Total	Percentage
Spread out questionnaires	80	100%
Unreturned questionnaires	15	18,75%
Returned questionnaires	65	81,25%
Dropped questionnaires	2	2.5%
Valid questionnaires	63	78,75%
<i>Response rate</i>	$65/80 \times 100\%$	81,25%
<i>Usable response rate</i>	$63/80 \times 100\%$	78,75%

Based on table 6.2., it can be seen that the number of respondents aged 21- 30 years totaling to 50 people (79.4%), 31-40 years totaling to 11 people (17.5%) and aged > 40 years totaling to 2 people (3.2%) of the 63 respondents total number. These indicate that most of the respondents in this study are the auditors who theirages are inless than 30 years. According to Fraedrich (2011), a more mature age would indicate that action is more ethical than a relatively young age. This is not in line with the results of this study because most of the respondents are relatively young age who has understood the ethical issues drawn to the statement Ethical Decision Making (EDM) that were asked by the researcher. Most respondents understood that in the case of actionschemes content and their ethical awareness, judgment and moral intention are quite high in ethical decision-making steps.

Table6.2. RespondentBased on The Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21 - 30 years	50	79.4	79.4	79.4
31 - 40 years	11	17.5	17.5	96.8
> 40years	2	3.2	3.2	100.0
Total	63	100.0	100.0	

Based on the table 6.3. It can be seen that the length of the respondents worked for 0-2 years amounted to 31 people (49.2%), 3-5 years amounted to 13 people (20.6%), 6-10 years amounted to 17 people (27%) and more than 10 years amounted to 2 people (3.2%) of the total number of 63 people respondents. From result, it can be concluded that the majority of respondents in this study are auditors who work for 0 to 2 years. Based on the identification of Arens (2012: 49), the organizational structure for auditors who work with an average of 0 to 2 years' experience can be called as staff assistant or junior auditors. In this study, the majority of respondents are junior auditor or staff assistant. According to Fraedrich (2011), the longer the work experience would indicate that the action tends to be more ethical. This is not in line with the results of this study because most of the respondents in this research have work experiences relatively short, but they have understood about the ethical issues. This statement is derived from respondents' answer related to the statement Ethical Decision Making (EDM) that were asked by the researcher. With both the personal characteristics of the respondents to prove that the issues related to the content of ethics is a matter of concern and focus are important for all ages and all levels within the firm.

Table 6.3. Respondents Based on The Length of Working Experiences.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0 - 2 years	31	49.2	49.2	49.2
3 - 5 years	13	20.6	20.6	69.8
6 - 10 years	17	27.0	27.0	96.8
> 10 years	2	3.2	3.2	100.0
Total	63	100.0	100.0	

Table 6.4. shows the measurement results of the descriptive statistics of all independent variables and the dependent variable of 63 respondent samples. All of them are realized by four variables, which are: the Ethical Organizations Culture (EOC / X1), Ethical Climates (EC / X2), Self-Efficacy (SE / Z) and Ethical Decision Making (EDM / Y). All variables are measured by using a Likert scale 1-7. The explanations of that measurement of the descriptive statistics are as follows:

Table 6.4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1 (EOC)	63	20	35	27.30	5.034
X2 (EC)	63	90	135	108.25	8.266
Z (SE)	63	16	24	21.06	2.639
Y (EDM)	63	54	81	70.56	6.734
Valid N (listwise)	63				

6.1.1. Ethical Organizations Culture Variable use 5 items statement, so the range of response is scaled from 5-35. The actual range of scores for this variable X1 in each respondent

is 20-35 with a mean of 27.30. This indicates that the respondents in this research have acted ethically. Unethical behavior will not be compromised and tolerated. Sanctions in the form of warning have been applied in accounting firm, either oriented to personal and corporate interests. Most Scores of respondents (357 total multiplied score) are in the statement regarding the sanctions in the form of reprimands to employees regarding the unethical behavior that can affect the company's interests. This shows most respondents answer in the range of somewhat agree up to strongly agree (5-7) that the firm have been applied sanctions in the form of warning to the auditors (employees) who perform unethical acts.

- 6.1.2. Variable Ethical Climates by using the 20 items statement, so the range of response is scaled from 20-140. The actual range of scores for this variable X₂ in each respondent is 90-135 with a mean of 108.25. This indicates that most of the auditors conclude that the prevailing view in the organization's practices or procedures have ethical content according to the climate of concern (caring), independence, laws and codes of conduct, and climate rules and procedures. Average respondents answer are in the range of somewhat agree up to strongly agree (5-7) for the four climate, which means the firm in practice has considered a virtue for all parties, has been guided by personal ethics respectively, has been guided to follow the procedures and rules of the company firmly, and has been guided to consider any action in accordance with the code of professional ethics and applicable law.

For two contradictory climate is the climate and efficiency company that focuses on the interests of the company, most respondents answered in the range statement of hesitate to strongly disagree. This indicates that the majority of respondents reluctant to do anything that do not relate to the sake of the sake of advancing the firm. Scores on ethical climates in point 2 that contains a statement about the people who are expected to follow the personal and moral beliefs in the firm is the largest along with total score of 362. This means that the majority of respondents belief that in the firm practice, they have been guided to have personalized ethics.

- 6.1.3. Self-Efficacy variables by using 4 items statements, so the range of response is scaled from 4-28. The actual range of scores for this variable Z in each respondent is 16-24 with a mean of 21.06. This means that the majority of respondents starting from somewhat agree to strongly agree on every point of self-efficacy statement. This indicate that respondents feel confident to be able to complete the audit task successfully, to complete s in the challenges auditing task, to manage the things needed for the audit assignment, and to perform audit duties properly even if the task becomes complex. The biggest scores of respondents is in point statement of 3 about the auditor confidence in managing the things necessary for an audit assignment along with a score of 349. This means, auditors feel that they are able to manage everything well that is needed in a specific audit assignment.

- 6.1.4. Variable Ethical Decision Making use 12 items statement. The range of response is scaled in the range from 12-84. The actual range of scores for the variable Y in each respondent is 54-81 with a mean of 70.56. This means that most of the auditors replied somewhat disagree to strongly disagree for each statement on the Ethical Decision Making (EDM). This indicates most of the auditor concludes that the scheme presented in the case of an unethical, unacceptable for abuse utility, rights, justice and

well-being of others, self-auditors intention who will not do the same thing and co-workers intentions that likely will not do the same thing as action taken in the scheme (vignettes). Biggest score is in point 5 with a score of 411 statements which means most of the action in the auditors scheme state that with regard to the auditors actions while still recommend unqualified opinion that does not meet normally accounting criteria, simply because the client is a friend of the auditor, it strongly unethical.

6.2. Regression Test

From the normality test, it can be seen that the value of the Asymptotical Significance (2 tailed) is 0.138 that mean more than 0.05. Therefore, as required by Kolmogorov-Smirnov test (K-S test), H_0 is accepted, which means that the distribution of the variables in this study were normally distributed. Variables in this research also show the results of calculation of ethical organizational culture has variance inflation factor (VIF) 1.545 and ethical climates variables has VIF 1.545. In statistics, the variance inflation factor (VIF) quantifies the severity of multicollinearity in an ordinary least squares regression analysis. It provides an index that measures how much the variance (the square of the estimate's standard deviation) of an estimated regression coefficient is increased because of collinearity. So it can be concluded that there is no multicollinearity problem between independent variables or in the other words there is no perfect correlation between independent variables. Significance of Variables ethical organizational culture and ethical climates are also in the above 5%. Both of them have significance of 0.502 and 0.255 confidence level, which means no significant value. In Glejser test, if the independent variables are not significantly influence to the absolute value of the residual dependent variable, it means no symptoms of heteroscedasticity. For that way, it can be concluded that the regression model in this study has been free from the problem of heteroscedasticity.

Based on the results of the regression analysis in the table 6.5 it can be seen that the model has constant value of 26.883, the regression coefficient for organizational ethical culture and ethical climates of 1.104 and 0.125. Then the regression model in this research can be determined as follows:

$$Y = 26,883 + 1,104X_1 + 0,125X_2$$

$$EDM = 26,883 + 1,104EOC + 0,125EC$$

Specification:

EDM = Ethical Decision Making

α = constant

β = regression coefficient

EOC = Ethical Organizational Culture

EC = Ethical Climates

Table 6.5. Results of Multiple Regression Test between Ethical Organizational Culture and Ethical Climates on Ethical Decision Making. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	26.883	4.450		6.041	.000
X1 (EOC)	1.104	.082	.825	13.523	.000
X2 (EC)	.125	.050	.153	2.513	.015

a. Dependent Variable: Y

6.2.1. Partial Test (t Test)

Based on the result it can be seen that the variables of organizational ethical culture and ethical climates have $t_{count} > t_{table}$, which are $13,523 > 2.000$ and $2.513 > 2.000$; Sig. $< \alpha$, which are $0.000 < 0.05$ and $0.015 < 0.05$. It can be concluded that $H_{a.1}$ and $H_{a.2}$ influence to ethical decision making, in the other word organizational ethical culture (X1) is partially influence to ethical decision making (Y), and ethical climates (X2) is partially influence to ethical decision making (Y).

6.2.2. Coefficient Determination Test (R^2)

The coefficient of determination (R^2) was essentially measures how far the ability of the model to explain variation in the dependent variable. The coefficient of determination is a value between zero and one. The more values close to one, means the independent variables provide almost all the information needed to predict the variation in the dependent variable.

Table 6.6. Results of Coefficient of Determination Test between Organizational Ethical Culture and Ethical Climates on Ethical Decision Making. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.855	.850	2.604

a. Predictors: (Constant), OEC, EC

b. Dependent Variable: EDM

Based on the results of the regression estimation calculation, the value of R Square is 85.5%, which means that the variable of ethical organizational culture and ethical climates influence on ethical decision making for auditors. Both independent variables are able to explain the variability of the dependent variable in the percentage of 85.5%. The remaining 14.5% of percentages are described by other variables that do not include in this regression model. The value of R Square is also close to 1, which means independent variable in this study (organizational ethical culture and ethical climates) already provide almost all the information needed to predict the variation of the dependent variable (ethical decision making of auditors).

6.2.3. Simultant Test (F test)

F test or simultaneously test through variance analysis is a test that is being used to see whether there is an influence between multiple variables simultaneously (variables X to variable Y). In the ANOVA setting, the observed variance in a particular variable is partitioned into components attributable to different sources of variation. In its simplest form, ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the t-test to more than two groups. As doing multiple two-sample t-tests would result in an increased chance of committing a statistical type I error, ANOVAs are useful in comparing (testing) three or more means (groups or variables) for statistical significance. Ftable in this study is equal to 3.150 (obtained from the calculation $F_{table} = F(0.05, 2, 63) = 3.150$). Test output F as follows:

Table 6.7. Simultaneous test (F test). ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2404.712	2	1202.356	177.319	.000 ^a
Residual	406.844	60	6.781		
Total	2811.556	62			

a. Predictors: (Constant), OEC, EC

b. Dependent Variable: EDM

Based on the ANOVA table above, it can be seen that the F_{count} greater than F_{table} , which is $177.319 > 3.150$. So the conclusions is H_0 reject and H_1 accept which means that organizational ethical culture and ethical climates together have the same effect on ethical decision making.

6.2.4. Residual Test (Moderation Regression Model)

Furthermore, researchers want to know whether the independent variables influence to the dependent variable if it is moderated by other variables, namely self-efficacy, and if there is strong or weak relationship. Researcher use residual test method to draw conclusions on this hypothesis. Residual test is used to overcome the problem of multicollinearity that arises when using the test of Moderated Regression Analysis method (MRA). The way on testing the residual, firstly it regress the independent variables on moderating variable, then from the regression results, it will be taken the absolute value of its residual. Then the absolute value of residuals (the new variables as areplacement of independent variables and variable moderation), and then it is regressed to the dependent variable (Y).

Table 6.8. Influence of EOCto EDM moderated by Self Efficacy. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	74.345	1.477		50.349	.000
EOCmoderated bySE	-1.824	.598	-.364	-3.048	.003

a. Dependent Variable: EDM

Based on the output table 6.8. above, it can be seen Sig. <0.05 , which is 0.003 <0.05 and negative parameter coefficient is -3.048. This can be concluded that H_{0,3} is being rejected and then H_{a,3} is being accepted. This means there is an influence between organizational ethical culture on ethical decision making if it is moderated by self-efficacy.

Table 6.9. Determination Result of EOC to EDM-moderated by SE. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.364 ^a	.132	.118	6.325

a. Predictors: (Constant), EOCmoderated bySE

b. Dependent Variable: EDM

The determination result above indicates that self-efficacy is weakening the influence of the ethical organizational culture to ethical decision making. Great influence on the organization's ethical culture ethical decision making without moderation is as follows:

Table 6.10. Determination Results of EOC to EDM. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,917 ^a	,840	,837	2,715

a. Predictors: (Constant), EOC

b. Dependent Variable: EDM

From the test results it can be seen that the value of R Square EOC against EDM without moderated by self-efficacy is 84%, whereas if it is moderated by self-efficacy, the biggest influence is only by 13.2%. So it can be deduced that self-efficacy variable is the debilitating effect of moderating variables between ethical organizational cultures on ethical decision making. So, the higher the self-efficacy of being owned auditors, it will only weaken the influence of organizational ethical culture on ethical decision making. They will tend to take control of themselves and will be sure regarding the achievement of original intention of organizational ethical vision and mission. The next effect is inversely proportional to the organizations ethical culture and ethical decision making.

Table 6.11. Influence of EC to EDM moderated by Self Efficacy. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	75.600	1.610		46.963	.000
EC yang dimoderasiolehSE	-2.245	.627	-.417	-3.579	.001

a. Dependent Variable: EDM

Based on the output of the above table, it can be seen Sig. <0.05, which is 0.001 <0.05 and negative parameter coefficient is -3.579. It can be deduced that reject $H_{0.4}$ is being rejected and $H_{a.4}$ is being accepted. This means there is an influence between ethical climates on ethical decision making if it is moderated by self-efficacy.

Here are the test results of determination of ethical climate and ethical decision making if it is moderated by self-efficacy:

Table 6.12. Determination Result of EC to EDM-moderated by SE. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417 ^a	.174	.160	6.172

a. Predictors: (Constant), EC yang dimoderasiolehSE

b. Dependent Variable: PKE

Influence on the ethical decision making ethical climates without moderated by self-efficacy 41.4%, can be seen in the following table:

Table 6.13. Determination Results of EC to EDM. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644 ^a	.414	.405	5,196

a. Predictors: (Constant), EC

b. Dependent Variable: PKE

The result of the above determination indicates that self-efficacy is weakening the influence of ethical climate on ethical decision making. Great influence can be seen in Table 6.12 and 6.13 where the large influence is declined. If moderated by self-efficacy, greater influence is only by 17.4%. This is decreased around 24% of R Square before moderated. From this it can be deduced variable self-efficacy is a moderating variable that weakens the influence of ethical climates on ethical decision making. So, the higher the self-efficacy possessed by auditors, it will only weaken the influence of ethical climates on ethical decision making. They will tend to take control of themselves and will be sure to the original purpose that should be achieved. The effect of moderated self-efficacy is inversely proportional to the ethical climates and ethical decision making.

7. Conclusion

This study aims to determine the effect of Organizational Ethical Culture (X1 Variable) and the Ethical Climate (X2 Variable) on Ethical Decision (Y Variable) along with Self Efficacy as a moderating variable. The subject of this study is the auditors who worked on the accounting firm in Central Jakarta. The data explored are based on the test results of questioner that is been analyzed inferring to the formulation of hypotheses and research objectives. The overall conclusions are described in the following paragraph.

There is an ethical organizational culture influence the ethical decision making in a positive way. That is, the higher the applied ethical culture within the organization (in this case-auditors of public accounting firm), then the probability of a more ethical choice

for auditors in the each step decision-making process. That decision making has moral dimension such as moral awareness, moral judgment, and moral intent to be ethical behavior. In other words, the more often the leadership of ethical behavior applied, the more lack of tolerance and compromise against unethical behavior within the firm, the firm reprimands, and sanctions (punishment) to the auditor (either unethical behavior that lead to personal interests or the interests of company). Then the auditors will increasingly have the awareness, judgment and moral intention in any decision making. Conversely, the more often act less ethical leaders, the more often unethical behavior being tolerated and the lack of sanctions for unethical behavior. Then it will lose consciousness, judgment and moral intention for auditors to act ethically in the decision making process.

There is a positive effect between variables of ethical climate on ethical decision making of auditors. If the priority of ethical climates caring, independence, rules and procedures, laws and codes, and the climate are higher than the self-interest, company profit, and efficiency in the practice of the firm, then the probability of the ethical decision-making done by auditors will also be higher. Conversely, the lower their priority to the climate and the higher fourth egoistic climate, then the ethical awareness, ethical considerations and the intention to act ethically on the auditor's decision-making process will be lower. In addition, the most influential climate in this research is the climate of laws and codes, independence, rules and procedures, and caring climate. That means most of the auditors feel that their priorities in decision making are focused and guided to follow the standards of legal professionals, such as external regulations laws and professional applicable codes of conduct. The climate of self-interest / Profit Company does not affect the efficiency of ethical decision making. This means that the auditors in implementing the ethical decision making, they are not focused and not guided to promote self-interest, the progress of the company, and promote efficiency to the exclusion of the interests of other parties.

There is the influence of organizational ethical culture on ethical decision making if it is moderated by self-efficacy, but its influence is weakening. Weaken of the influence can be seen from the result test of determination R Square organizational ethical culture on ethical decision making of auditors before and after moderated. This means, the higher the self-efficacy possessed by auditors, it will only weaken the influence of organizational ethical culture on ethical decision making. They will tend to make control over themselves and will be sure to follow the original purpose of organization that have to be achieved. This effect is inversely proportional to the organization's ethical culture and ethical decision making.

There is the influence of ethical climate on ethical decision making if it is moderated by self-efficacy, but its influence is weakening. Weaken the influence can be seen from the results test of determination (R Square) of ethical climates on ethical decision making of auditors before and after moderated. This means the higher the self-efficacy possessed by auditors; it will only weaken the influence of ethical climates on ethical decision making. They will tend to make control over themselves and will be sure to follow the original purpose of organization that have to be achieved. This effect is inversely proportional to the organization's ethical culture and ethical decision making.

8. Implications

From this done research, there are implications arising research such as the role of organizational ethical culture that is reflected through leadership and sanction system has an

important influence in bringing ethical decision-making for public accounting firm. Without an ethical culture within organizations, public accounting firms can not be well realized by public because of ethical decision making in the organization is needed to run an ethical culture in order to create and teach ethical values as a choice of every step in the decision-making process of auditors in public accounting firm. The result of this research also may implicate to other general business environment.

The role of ethical climate has an important influence in bringing ethical decision-making for public accounting firm. Without the appropriate ethical climate in the organization, a public accounting firm may not realize the ethical decision making because of the orientation and priorities that occur in practice (common practice) focusing on personal and organizational interests (egoistic). This will tend to create a climate that is unethical, so it will be difficult to realize an ethical decision-making, which is concerned to the rights, utilities, justice and concern of all related parties.

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