

THE GUARDIAN OR THE GRANTOR: THE ROLE OF NARCISSISTIC PERSONALITY AND MORAL REASONING IN AUDIT RISK

Oleh:

Nabiilah Putri¹

Diendha Annisa Nur Attaullah²

Yusnaini Yusnaini³

Universitas Sriwijaya

Alamat: Jl. Masjid Al-Ghazali, Bukit Lama, Kec. Ilir Bar. I, Kota Palembang, Sumatera Selatan (30128).

Korespondensi Penulis: nabiilahputri.gasmir0106@gmail.com,

diendhaannisa@gmail.com, yusnaini@fe.unsri.ac.id.

Abstract. *Auditors play a crucial role as "guardians" of financial statement integrity. However, audit practices reveal that auditors are not always independent; they can even become "licensors" who allow manipulation to occur. This article aims to analyze the dual role of auditors by examining the influence of narcissism and moral reasoning on audit risk. Through a systematic literature review of 40 Scopus and SINTA-indexed scientific publications (2021-2025), this study examines behavioral factors and personal characteristics that influence the quality of auditor decisions. Findings reveal that narcissism has a paradoxical effect: enhancing professional skepticism while simultaneously creating conflicts of interest and reducing independence when exhibited excessively. Moral reasoning proves to strengthen auditor integrity and serves as a protective mechanism against opportunistic behavior, whereas moral disengagement weakens the oversight function and increases audit risk. The effectiveness of auditors as "guardians" depends on the dynamic interaction between narcissistic traits, moral reasoning capacity, internal controls, and organizational context.*

Keywords: Auditor, Narcissism, Moral Reasoning.

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Abstrak. Auditor memainkan peran penting sebagai "penjaga" integritas laporan keuangan. Namun, praktik audit menunjukkan bahwa auditor tidak selalu independen; mereka bahkan bisa menjadi "pemberi lisensi" yang membiarkan terjadinya manipulasi. Artikel ini bertujuan untuk menganalisis peran ganda auditor dengan menguji pengaruh narsisme dan penalaran moral terhadap risiko audit. Melalui tinjauan pustaka sistematis terhadap 40 publikasi ilmiah terindeks Scopus dan SINTA (2021-2025), kajian ini memeriksa faktor-faktor perilaku dan karakteristik pribadi yang memengaruhi kualitas keputusan auditor. Temuan mengungkapkan bahwa narsisme memiliki efek paradoks: meningkatkan skeptisisme profesional sekaligus menciptakan konflik kepentingan dan menurunkan independensi ketika berada pada tingkat berlebihan. Penalaran moral terbukti memperkuat integritas auditor dan berfungsi sebagai mekanisme protektif terhadap perilaku oportunistik, sementara moral disengagement melemahkan fungsi pengawasan dan meningkatkan risiko audit. Efektivitas auditor sebagai "penjaga" bergantung pada interaksi dinamis antara traits narsistik, kapasitas penalaran moral, pengendalian internal, dan konteks organisasi.

Kata Kunci: Auditor, Narsisme, Penalaran Moral.

INTRODUCTION

Auditors are positioned as the front line in maintaining public trust in financial information. As a profession entrusted with verifying the fairness of financial statements, auditors have a moral and professional responsibility to act independently and objectively.¹ In practice, the auditor's role is not merely as a technical examiner but also as a supervisor who determines the credibility of management's information. However, various financial scandals involving Public Accounting Firms in Indonesia and globally demonstrate that auditors are not always able to fulfill their guardian role. Recent cases involving audit failures have raised fundamental questions about auditor independence and professional skepticism.² This phenomenon raises a fundamental question: do auditors truly act as guardians protecting the public interest, or do they become licensors legitimizing questionable practices? The answer cannot be separated from the personal

¹Yusnaini (2026)

² Kerckhofs et al. (2024)

characteristics of auditors themselves. Contemporary research indicates that psychological factors such as narcissism personality and moral reasoning significantly influence the quality of audit decisions.³ Previous studies also show that personality can also influence auditor performance in detecting fraud⁴ and moral intensity in influencing auditor decision making.⁵

Narcissism, which is part of the Dark Triad of personality traits, has become a major issue in the field of auditing research. On one hand, narcissistic auditors are often more confident, more likely to take strong stances during client negotiations, and show a higher level of professional skepticism.⁶ On the flip side, narcissism can lead to opportunistic actions, reduced independence, and a tendency to overlook audit procedures in order to benefit personally.⁷ In a more complicated way, when narcissistic auditors work with narcissistic clients, a phenomenon called narcissistic tolerance happens. This makes the auditors less likely to see the risk of fraud.⁸ Meanwhile, Moral reasoning, serves as an internal mechanism guiding auditors toward ethical decision-making. Auditors with high moral reasoning are more capable of resisting client pressure, maintaining independence, and producing better audit quality.⁹ Conversely, moral disengagement the tendency to disengage from ethical responsibility weakens professional skepticism and increases the risk of audit failure.¹⁰

According to the latest review of existing studies, there are still many areas that need more research. Kerckhofs et al. discovered that narcissism has mixed impacts, boosting audit quality by promoting skepticism but reducing independence in leadership roles¹¹. Rajabalizadeh & Schadewitz found that auditor narcissism is linked to lower audit report readability. At the same time, in Indonesia¹², Prawina et al. discovered that client narcissism does not influence fraud risk assessment, which contributes to a better understanding of how narcissism impacts different contexts.¹³ The complexity of these

³ Kerckhofs et al. (2024); Sudirman (2024); Yusnaini et al. (2025)

⁴ Yusnaini et al. (2022)

⁵ Yusnaini & Meirawati (2023)

⁶ Church et al. (2020); Hemati Dehaghani et al. (2024)

⁷ Johnson et al. (2021); Ocak & Arioğlu (2025)

⁸ Johnson et al. (2021); Zengin-Karaibrahimoglu et al. (2021)

⁹ Rinaldy & Anwar (2021)

¹⁰ Johnson et al. (2021)

¹¹ Kerckhofs et al. (2024)

¹² Rajabalizadeh & Schadewitz (2024)

¹³ Prawina et al. (2024)

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relationships suggests that auditor behavior cannot be explained solely by technical competence but must also be viewed through a behavioral and psychological perspective. Behavioral accounting highlights how individual characteristics influence professional judgment, particularly in environments filled with pressure and uncertainty. Auditors are prone to cognitive biases and personal tendencies, making it important to examine how narcissism and moral reasoning interact in shaping audit decisions and outcomes.¹⁴

The auditing environment further plays a crucial role in amplifying or mitigating these psychological effects. Organizational culture, ethical climate, and leadership within Public Accounting Firms can influence how narcissistic traits are expressed. Prior research indicates that contextual pressures and firm-level dynamics significantly affect ethical judgment and independence, especially when auditors face client influence.¹⁵ As such, narcissism may lead to either constructive assertiveness or detrimental overconfidence depending on the surrounding environment. Professional skepticism also emerges as an important mechanism linking personality traits to audit quality. While narcissistic auditors may demonstrate higher confidence and skepticism, this does not always translate into consistent or objective evaluation. Instead, skepticism may become selective and biased, increasing the risk of inappropriate audit judgments.¹⁶ This indicates that skepticism alone is insufficient without strong ethical grounding.

The interaction between narcissism and moral reasoning further determines the direction of auditor behavior. Auditors with high narcissism but strong moral reasoning may still uphold ethical standards and maintain independence. In contrast, those with high narcissism and low moral reasoning are more likely to engage in dysfunctional audit behavior, reducing audit quality.¹⁷ This highlights the importance of examining both constructs simultaneously to better understand audit decision-making. Finally, despite increasing regulatory demands for audit quality, existing standards do not fully address the human element in auditing. This gap underscores the need for research that integrates psychological factors, particularly in emerging contexts such as Indonesia. By exploring how narcissistic personality and moral reasoning jointly influence audit risk judgment,

¹⁴ Yusnaini et al. (2022); Yusnaini & Meirawati (2023); Kerckhofs et al. (2024)

¹⁵ Sudirman (2024); Kerckhofs et al. (2024)

¹⁶ Church et al. (2020); Hemati Dehaghani et al. (2024); Johnson et al. (2021)

¹⁷ Rinaldy & Anwar (2021); Ocak & Arıoğlu (2025); Yusnaini et al. (2025)

this study aims to bridge the gap between professional expectations and actual auditor behavior, while providing practical implications for improving audit quality.¹⁸

LITERATURE REVIEW

Agency Theory (Jensen & Meckling, 1976)

Agency theory explains conflicts between principals (owners) and agents (managers/auditors). Jensen & Meckling argue that agents will not always act in principals' best interests. In audit contexts, narcissistic auditors prioritize personal interests above principals' interests.¹⁹ Conversely, auditors with high moral reasoning are more likely to act according to their professional mandate.²⁰

Moral Disengagement Theory (Bandura, 1999)

Bandura's (1999) theory explains how individuals engage in unethical acts without guilt through eight mechanisms across four loci. In audit contexts, Johnson et al. show that auditors with high moral disengagement underestimate fraud risk. They rationalize actions by believing "all auditors do the same" or "just following partner instructions." Sudirman found that moral reasoning mediates the relationship between emotional intelligence and fraud intention.²¹

Trifurcated Model of Narcissism (Weiss et al., 2019)

The trifurcated model integrates narcissism into three dimensions. Agentic extraversion explains narcissistic auditors with high skepticism.²² Narcissistic antagonism explains opportunistic practices and collusion.²³ Narcissistic neuroticism explains narcissistic hypocrisy where narcissistic supervisors react harshly to threats.²⁴ This model provides nuanced understanding of narcissism's paradoxical effects.

¹⁸ Prawina et al. (2024); Kerckhofs et al. (2024); Yusnaini (2026)

¹⁹ Ocak & Arıoğlu (2025)

²⁰ Sudirman (2024)

²¹ Sudirman (2024)

²² Kerckhofs et al. (2024); Reis Marçal & Alberton (2020)

²³ Johnson et al., (2021); Ocak & Arıoğlu, (2025)

²⁴ Johnson et al. (2021)

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Narcissism

Narcissism is a type of personality trait that involves having an exaggerated sense of self-importance, a strong desire for praise and admiration, and a tendency to lack empathy towards others.²⁵ The model breaks down into three key areas: agentic extraversion, which involves being assertive and seeking admiration; narcissistic antagonism, which includes being exploitative and arrogant; and narcissistic neuroticism, which refers to being emotionally vulnerable. In audit contexts, narcissism manifests paradoxically. Reis Marçal & Alberton discovered that auditors who have narcissistic traits show greater professional skepticism. However, Ocağ & Arıoğludiscovered that narcissistic audit firm chairpersons have a negative effect on audit quality.²⁶ Kerckhofs et al. also pointed out that narcissism can lead to less knowledge sharing between members of an audit team.

Moral Reasoning

Moral reasoning is the cognitive process of evaluating situations as right or wrong based on ethical principles. It enables individuals to make ethical judgments when facing dilemmas. Moral disengagement, conversely, involves deactivating internal moral standards to allow unethical behavior without guilt. In auditing, moral reasoning plays a critical role. Sudirman found that moral reasoning significantly affects fraud intention and mediates the relationship between emotional intelligence and fraud intention. Kharisma & Qintharah demonstrated that moral reasoning positively influences audit quality.²⁷

Audit Risk

Audit risk is the risk that an auditor expresses an inappropriate opinion when financial statements are materially misstated. It comprises inherent risk, control risk, and detection risk.²⁸ Recent research highlights how personality factors influence audit risk assessments. Johnson et al. demonstrated that client narcissism increases fraud risk

²⁵ (Weiss et al., 2019)

²⁶ Reis Marçal & Alberton (2020); Ocağ & Arıoğlu (2025)

²⁷ Kharisma & Qintharah (2025)

²⁸ Zengin-Karaibrahimoglu et al., (2021)

perception, but this effect is moderated by auditor narcissism.²⁹ Zengin-Karaibrahimoglu et al. found that audit committee strength reduces perceived risk only when CEOs are not narcissistic.³⁰

Previous Research

This study was conducted by reviewing articles predominantly indexed in Scopus, complemented by several relevant studies from SINTA-indexed national journals. The selected studies were analyzed to synthesize key findings relevant to the research topic and to formulate comprehensive conclusions. The synthesis of these findings enabled the formulation of a comprehensive conclusion. The following table summarizes the prior studies included in this review.

Table 1. Previous Research on the Relationship between Narcissistic Personality Traits and Moral Reasoning in Audit Risk

Authors	Findings
Beyrami et al. (2024), D'Souza & Augusto Sampaio Franco de Lima (2021), Johnson et al. (2021), Sari et al. (2021), (Sudirman, 2024), Badera & Jati (2020), Johnson et al. (2023), Rinaldy & Anwar (2021), Djatu Winardi et al. (2023), Reis Marçal & Alberton (2020), Windha Aprillia & Satia Nur Maharani (2021), Kharisma & Qintharah (2025), Mutschmann et al. (2022), Mökander et al. (2021), Herina et al. (2025), Murikah et al. (2024), Guan et al. (2025), Liu et al. (2024), Aman et al. (2023), Chen et al. (2023)	(+)
Rajabalizadeh & Schadewitz (2024), Ocak & Arioğlu (2025), Salehi et al. (2022), Church et al. (2020), Filbey et al. (2025), Schlueter & Ratzinger-Sakel (2022), Costa De Oliveira Araujo et al. (2024), Zengin-Karaibrahimoglu et al. (2021), García-Meca et al. (2021), Brivot et al. (2024), Hemati Dehaghani et al. (2024), Samagaio & Felício (2022), Abdelazim (2025), Kerckhofs et al. (2024)	(-)
(+) Positive effect, (-) Negative effect	

²⁹ Johnson et al. (2021)

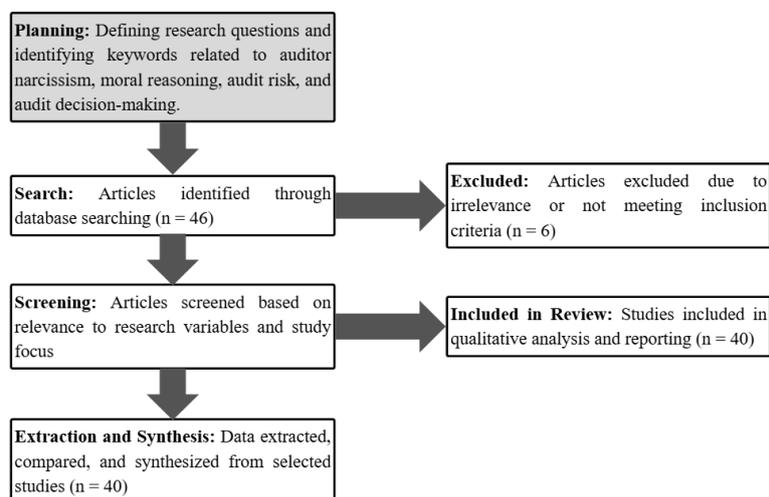
³⁰ Zengin-Karaibrahimoglu et al., (2021)

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METHODS

This research uses a qualitative method through a Systematic Literature Review by collecting and analyzing data from 40 academic articles that discuss the influence of auditor narcissism and moral reasoning on audit risk and audit decision-making. The selected literature is systematically compared to identify patterns, contradictions, and dominant findings related to how personality traits and ethical reasoning shape auditors' professional judgment. The collected data are used to address the main issue of whether auditors act as guardians of integrity or inadvertently contribute to audit risk, allowing the author to draw comprehensive and evidence-based conclusions.

Figure 1. SLR Protocol Information Sources



RESULTS AND DISCUSSION

Result

In Table 2, the studies were categorized based on journal selection criteria, focusing exclusively on internationally reputable journals to ensure a solid foundation for identifying valid and relevant trends in the literature. Through this screening process, a total of 40 articles examining narcissistic personality, moral reasoning, and audit risk within the 2021–2025 period were identified. Table 2 presents the distribution of these articles across various journal classifications, including Scopus-indexed journals (Q1, Q2, Q3, and Q4), SINTA-accredited journals, and other sources.

Table 2. Journal Identity and Number of Articles

No.	Journal Name	Index Journal	Total Article	Presentase
1.	Journal of Business Ethics	Q1	2	5%
2.	Journal of Business Research	Q1	2	5%
3.	Managerial Auditing Journal	Q1	1	2,5%
4.	Journal of Accounting and Public Policy	Q1	1	2,5%
5.	Contemporary Accounting Research	Q1	1	2,5%
6.	Sustainability	Q1	1	2,5%
7.	SAGE Open	Q1	1	2,5%
8.	Science and Engineering Ethics	Q1	1	2,5%
9.	Edelweiss Applied Science and Technology	Q1	1	2,5%
10.	International Journal of Auditing	Q1	1	2,5%
11.	Arab Gulf Journal of Scientific Research	Q2	1	2,5%
12.	The British Accounting Review	Q2	1	2,5%
13.	Journal of Education and Research in Accounting	Q2	1	2,5%
14.	Auditing and Accounting	Q2	1	2,5%
15.	Advances in Economics, Business and Management Research	Q2	1	2,5%
16.	RAUSP Management Journal	Q2	1	2,5%
17.	South African Journal of Economic and Management Sciences	Q2	1	2,5%
18.	International Journal of Finance and Managerial Accounting	Q3	1	2,5%
19.	International Journal of Research in Business and Social Science	Q3	1	2,5%
20.	Asian Economic and Financial Review	Q3	1	2,5%
21.	International Research Journal of Management, IT and Social Sciences	Q3	1	2,5%
22.	Point of View Research Accounting and Auditing	Q3	1	2,5%
23.	International Journal of Innovation Management and Organizational Behavior	Q3	1	2,5%
24.	Professional Auditing Research	Q4	1	2,5%
25.	Economic Jurisprudence Studies	Q4	1	2,5%
26.	International Journal of Academic Research in Accounting, Finance and Management Sciences	Q4	1	2,5%
27.	Auditing: Journal of Practice & Theory	Q4	1	2,5%
28.	Journal Contabilidade Vista & Revista	Q4	1	2,5%
29.	Scientific Journal of King Faisal University: Humanities and Management Sciences	Q4	1	2,5%
30.	Journal of Leadership, Accountability and Ethics	Internasional	1	2,5%
31.	International Conference on Economics and Business	Internasional	1	2,5%
32.	Maandblad voor Accountancy en Bedrijfseconomie	Internasional	1	2,5%
33.	International Journal of Behavior Studies in Organizations	Internasional	1	2,5%

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34.	The Indonesian Journal of Accounting Research	SINTA	1	2,5%
35.	Jurnal Cendekia Keuangan	SINTA	1	2,5%
36.	Riset & Jurnal Akuntansi	SINTA	1	2,5%
37.	Journal of Economics, Finance and Management Studies	SINTA	1	2,5%
38.	Akuntabilitas	SINTA	1	2,5%
TOTAL			40	100%

Analysis of the journal distribution indicates that the Journal of Business Ethics and Journal of Business Research stand out as the largest contributors, each publishing 2 articles or accounting for 5% of the total sample. Although their contribution is modest, these journals represent the highest frequency within the dataset. The remaining journals, including Managerial Auditing Journal, Sustainability, and others, each contributed one article (2.5%). These journals are indexed across various categories, including Scopus Q1, Q2, Q3, Q4, International, and SINTA-accredited journals. Overall, the findings suggest that research on this topic is widely dispersed across reputable international journals rather than concentrated in a single primary outlet. This distribution indicates broad scholarly interest across different streams of accounting, auditing, ethics, and others.

1. Journal Index Identification

Based on Table 2, it can be seen that research on the influence of auditor narcissism and moral reasoning on audit risk is distributed across Scopus-indexed journals in the Q1, Q2, Q3, and Q4 categories, as well as national journals and conference proceedings. With the addition of 4 new references, the total number of articles reviewed is now 40 articles. The classification results of the articles are shown in the following table.

Table 3. Journal Index

No	Index	Total	Percentage
1	Q1	12	30%
2	Q2	7	17,5%
3	Q3	6	15%
4	Q4	6	15%
5	Internasional	4	10%
6	SINTA	5	12,5%
Total		40	100%

In terms of distribution by journal rank, the Q1 category dominates with 12 articles or 30% of the total, reflecting the high quality of scientific contributions in this study. Furthermore, journals ranked in Q2 accounted for 7 articles (17.5%), followed by Q3 with 6 articles (15%) and Q4 with 6 articles (15%). This study also integrates 4 articles (10%) from internationally accredited journals and 4 articles (10%) from nationally accredited SINTA journals. This distribution reflects a broad representation across different levels of scientific influence, with a dominance of highly reputable journals.

2. Dependent Variables

The dependent variable refers to the outcome variable that is influenced by the independent variable. It is measured to determine whether variations in the independent variable produce significant effects. The table below presents the distribution of the dependent variables along with their respective totals.

Table 4. Dependent Variables

No.	Dependent Variable	Number of Articles	Percentage
1	Audit Risk	22	55%
2	Internal Audit Quality	3	7.5%
3	Audit Report Readability	3	7.5%
4	Fraud Risk Assessment / Fraud Judgment	4	10%
5	Fraud Detection Ability	2	5%
6	Audit Judgment (KAM, Professional Judgment)	5	12.5%
7	Risk & Uncertainty Decision	1	2.5%
TOTAL		40	100%

3. Independent Variables

Independent variables are factors that influence or are expected to explain changes in other variables. These variables are examined to understand their relationship with the dependent variable. In the context of this study, the distribution of the primary independent variables such as narcissistic personality, moral reasoning, dark triad traits, cognitive style, and other behavioral factors in auditing is presented in detail in Tables 5 and 6.

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Table 5. Independent Variables

No.	Independent Variable	Total Article	Percentage
1	Auditor Narcissism	9	22.5%
2	CEO Narcissism	3	7.5%
3	Dark Triad Personality	6	15%
4	General Personality Traits	4	10%
5	Cognitive Style	3	7.5%
6	Moral Reasoning	4	10%
7	Moral Intensity	1	2.5%
8	Professional Skepticism	3	7.5%
9	Auditor Competence	2	5%
10	Independence & Objectivity	2	5%
11	Emotional Intelligence	1	2.5%
12	Self-Efficacy	1	2.5%
13	Audit Committee Characteristics	2	5%
14	AI / Automated Decision Ethics	2	5%
TOTAL		40	100%

Table 6. Research Results Based on Independent Variables Author, year, results

Variables	Author and Year	Result
Narcissism	Church et al. (2020), Reis Marçal & Alberton (2020)	+
	Rajabalizadeh & Schadewitz (2024); Ocak & Arıoğlu (2025); Salehi et al. (2022); Johnson et al. (2023); Samagaio & Felício (2022); Zengin-Karaibrahimoglu et al. (2021); Kerckhofs et al. (2024)	-
Moral Reasoning	Kharisma & Qintharah (2025); Rinaldy & Anwar (2021); Badera & Jati (2020); Sari et al. (2021); Sudirman (2024); Windha Aprillia & Satia Nur Maharani (2021); Yusnaini & Meirawati (2023)	+
	Johnson et al. (2021); Filbey et al. (2025)	-
Auditor Personality	(Yusnaini et al., 2022); Yusnaini et al. (2025)	+
Cognitive Style	Yusnaini (2026)	+ (Moderate)
Positive(+); Negative(-)		

Discussion

This systematic literature review confirms that auditor behavior in assessing audit risk is significantly influenced by individual psychological characteristics, particularly narcissistic personality traits and moral reasoning capacity. The accumulated evidence demonstrates that auditing is not merely a technical process but also a behavioral phenomenon shaped by personal values, ethical cognition, and self perception. This

finding aligns with contemporary behavioral auditing literature which emphasizes the role of human judgment in determining audit quality.³¹ The reviewed studies consistently indicate that narcissism exerts a paradoxical influence on auditors' professional conduct. Several scholars report that narcissistic traits, particularly those associated with confidence and dominance, enhance professional skepticism and assertiveness in challenging client information.³² Auditors with moderate narcissistic tendencies appear more willing to question management representations and detect potential misstatements, which contributes positively to audit effectiveness. These findings suggest that certain narcissistic characteristics may function as motivational drivers that strengthen vigilance in audit engagements.

However, the literature also highlights the detrimental consequences of excessive narcissism. Studies by Ocak & Arıoğlu, Johnson et al., and Samagaio & Felício reveal that high levels of narcissism are associated with reduced independence, opportunistic decision making, and compromised audit quality.³³ Narcissistic auditors tend to prioritize personal reputation, career advancement, and relational benefits over professional objectivity. This behavior increases tolerance toward aggressive accounting practices and weakens resistance to client pressure. The findings are consistent with agency theory, which suggests that agents may pursue self interest when personal incentives outweigh professional obligations.³⁴ The phenomenon of narcissistic tolerance further reinforces this pattern. Research by Johnson et al. and Zengin-Karaibrahimoglu et al. demonstrates that auditors are less likely to perceive fraud risk when working with narcissistic clients who share similar personality traits.³⁵ This similarity creates a psychological alignment that reduces critical evaluation and heightens audit risk. In the Indonesian context, Prawina et al. provide complementary evidence showing how contextual factors may shape the impact of narcissism on fraud risk assessments.³⁶

Moral reasoning emerges as a crucial protective mechanism that strengthens auditor integrity and mitigates behavioral risk. Multiple studies indicate that auditors with higher moral reasoning demonstrate stronger ethical judgment, greater resistance to client

³¹ Johnson et al., (2021); Kerckhofs et al., (2024)

³² Church et al., (2020); Reis Marçal & Alberton, (2020)

³³ Ocak & Arıoğlu (2025); Johnson et al. (2021); Samagaio & Felício (2022)

³⁴ Jensen & Meckling (1976)

³⁵ Johnson et al. (2021); Zengin-Karaibrahimoglu et al. (2021)

³⁶ Prawina et al. (2024)

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pressure, and improved audit quality.³⁷ Moral reasoning enables auditors to evaluate ethical dilemmas based on principled standards rather than personal benefit, reinforcing their professional responsibility to safeguard public interest. Conversely, moral disengagement significantly undermines ethical decision making in audit contexts. Johnson et al. show that auditors who rationalize unethical behavior or shift responsibility to organizational norms tend to underestimate fraud risk and weaken professional skepticism. Sudirman further demonstrates that moral reasoning mediates the relationship between psychological attributes and unethical intentions, indicating that ethical cognition plays a central role in controlling opportunistic behavior.³⁸

Several studies included in this review identify moral reasoning as both a mediating and moderating variable in the relationship between narcissism and audit outcomes.³⁹ High moral reasoning reduces the negative effects of narcissistic tendencies by strengthening ethical awareness, whereas low moral reasoning amplifies opportunistic behavior and audit failure risk. This interaction confirms that personality traits alone do not determine audit quality, but rather operate through ethical cognitive processes. In addition to individual factors, organizational and institutional environments strongly influence auditor behavior. Research Hemati Dehaghani et al., Mökander et al., and Mutschmann et al. indicates that strong governance mechanisms, ethical leadership, and robust internal controls enhance auditor independence and accountability.⁴⁰ In contrast, weak regulatory oversight and permissive organizational cultures allow narcissistic tendencies to manifest as compromised audit practices.

Overall, the synthesis of thirty six empirical studies demonstrates that the auditor's role as a guardian of financial integrity or as a party who legitimizes questionable practices is not fixed. Instead, it is shaped by a complex interaction between narcissistic personality traits, moral reasoning capacity, and organizational context. Narcissism possesses both constructive and destructive potential depending on its intensity and ethical regulation, while moral reasoning consistently functions as a stabilizing force that promotes ethical resilience. These findings contribute to behavioral auditing literature by

³⁷ Kharisma & Qintharah, (2025); Rinaldy & Anwar, (2021); Windha Aprillia & Satia Nur Maharani, (2021)

³⁸ Sudirman (2024)

³⁹ Kerckhofs et al., (2024); Kharisma & Qintharah, (2025); Sudirman, (2024)

⁴⁰ Hemati Dehaghani et al. (2024); Mökander et al. (2021); Mutschmann et al. (2022)

integrating psychological and ethical dimensions into the understanding of audit risk. The review suggests that improving audit quality requires more than technical competence alone. Audit firms and regulators should emphasize ethical training, moral reasoning development, and awareness of personality related risk factors. Incorporating ethics based education, strengthening organizational governance, and monitoring behavioral tendencies may significantly reduce audit risk and reinforce public trust in the auditing profession.

CONCLUSION

This systematic literature review confirms that auditor performance in managing audit risk is substantially shaped by psychological characteristics, particularly narcissistic personality traits and moral reasoning capacity. The synthesis of empirical evidence demonstrates that auditing is not solely a technical exercise but a behavioral process in which individual attributes significantly influence professional judgment and ethical decision making.⁴¹ The findings reveal that narcissism plays a paradoxical role in audit contexts. Several studies indicate that moderate narcissistic traits enhance professional skepticism, confidence, and assertiveness in challenging management assertions, thereby improving audit effectiveness.⁴² However, excessive narcissism is consistently associated with reduced independence, opportunistic behavior, and weakened audit quality, which ultimately increases audit risk.⁴³ This dual influence confirms that narcissism can function as both a motivating force and a behavioral risk factor in auditing practice.

Moral reasoning emerges as a critical determinant of ethical resilience among auditors. Auditors with higher moral reasoning demonstrate stronger resistance to client pressure, enhanced professional skepticism, and superior audit quality.⁴⁴ In contrast, moral disengagement weakens ethical control mechanisms and increases the likelihood of audit failure by facilitating rationalization of unethical conduct.⁴⁵ Moreover, the interaction between narcissism and moral reasoning highlights the importance of ethical cognition in regulating personality driven behavior. Studies indicate that strong moral

⁴¹ Johnson et al., (2021); Kerckhofs et al., (2024)

⁴² Church et al., (2020); Reis Marçal & Alberton, (2020)

⁴³ Kerckhofs et al., (2024); Ocak & Arioğlu, (2025); Samagaio & Felício, (2022)

⁴⁴ Kharisma & Qintharah, (2025)

⁴⁵ Johnson et al., (2021); Sudirman, (2024)

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reasoning mitigates the negative effects of narcissistic tendencies, while low moral reasoning amplifies opportunistic conduct and audit risk.⁴⁶ These findings emphasize that personality traits alone do not determine audit outcomes but operate through ethical decision making processes. Organizational and institutional contexts further shape auditor behavior. Strong governance mechanisms, ethical leadership, and effective internal controls strengthen auditor independence and accountability, whereas weak regulatory environments allow behavioral risk factors to compromise audit quality.⁴⁷

Overall, this review concludes that the auditor's role as a guardian of financial integrity or as a legitimizer of questionable practices is contingent upon the dynamic interaction between narcissistic personality traits, moral reasoning capacity, and organizational context. Strengthening ethical cognition and institutional governance is therefore essential to mitigating audit risk and enhancing audit quality. This study contributes to behavioral auditing literature by offering an integrated framework for understanding psychological and ethical determinants of auditor judgment and provides a foundation for future research aimed at improving professional practice and regulatory effectiveness.

⁴⁶ Kerckhofs et al., (2024); Kharisma & Qintharah, (2025); Sudirman, (2024)

⁴⁷ Hemati Dehaghani et al., (2024); Mutschmann et al., (2022)

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[0002-6120-7713](https://doi.org/10.1108/RAUSP-10-2019-0226).

[https://orcid.org/0009-0005-](https://orcid.org/0009-0005-5928-708X)

5613-9452

<https://orcid.org/0009-0005-5928-708X>

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