

# CONSTRUCTION OF AUDITOR PROFESSION ETHICS IN THE ERA OF DIGITAL DISRUPTION: A PHENOMENOLOGICAL STUDY OF PUBLIC ACCOUNTING FIRM IN SURABAYA

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Submitted:  
17 April 2026

Revised:  
28 April 2026

Accepted:  
09 May 2026

## Abstract

*This study aims to explore auditors' experiences in digital auditing practices, the meaning of professional ethics, and ethical dilemmas in the context of digital disruption using a phenomenological approach. The study was conducted at a Public Accounting Firm (KAP) in Surabaya, with auditors who had experience in technology-based audits as informants. Data were collected through in-depth interviews, observation, and documentation, then analyzed using a phenomenological approach supported by NVivo software. The results show that digital auditing practices are still dominated by the use of simple technologies such as Microsoft Excel for data processing, analysis, and audit documentation. Although technology increases efficiency, auditors still do not fully rely on the system and still use professional judgment to maintain the reliability of audit results. Professional ethics is understood as a primary foundation that remains valid, but is reinterpreted in the digital context, particularly related to efficiency pressures and technological risks. Ethical dilemmas arise due to time constraints, incomplete data, and client demands, so auditors tend to prioritize the sufficiency of evidence and prudence in decision-making. Overall, this study concludes that digital disruption does not change the fundamental values of auditors' professional ethics, but rather reconstructs their meaning through work experiences and professional interactions.*

**Keywords:** *digital audit, ethical dilemma, auditor professional ethics, phenomenology, professional judgment*

## 1. INTRODUCTION

The development of the digital era has brought significant changes to various sectors, including the accounting and auditing professions. Rapid technological transformation has given rise to the phenomenon of digital disruption, transforming traditional work practices into technology-based ones. In the audit context, this change is characterized by the use of various digital tools such as Computer Assisted Audit Techniques (CAATs), data analytics, and cloud-based audit systems to improve efficiency, accuracy, and the ability to analyze large amounts of data. However, the application of these technologies not only changes audit procedures but also influences how auditors exercise professional judgment and interpret professional ethical values in providing assurance services (Lutfianisa et al., 2025; Leoc, 2025).

The digital transformation of audit practice has led auditors to increasingly rely on electronic-based systems, ranging from simple applications to integrated audit systems. This requires auditors to possess more complex technical competencies while maintaining professional ethical standards. Furthermore, the use of technology also raises potential ethical dilemmas, such as overreliance on system results, the risk of algorithmic bias, efficiency pressures from clients, and challenges in maintaining data confidentiality and security (Saliha et al., 2025; Arifin Siregar & Hasanah, 2024). This demonstrates that audit digitalization presents not only opportunities to improve audit quality but also ethical risks that require a thorough understanding.

The Risk in Focus 2025 report published by the Institute of Internal Auditors (IIA) Indonesia shows that 61% of auditors consider digital disruption to be a major risk in audit work. This finding indicates that auditors work in an increasingly dynamic and digitalized environment, potentially posing challenges to auditor integrity, objectivity, and independence. Furthermore, the development of digital governance also requires auditors to adapt to technology without compromising the principles of professionalism. Adaptation that is not balanced with strengthening ethics can lead to a decline in professional skepticism, a relaxation of audit procedures, and an increased risk of conflicts of interest (Zaleha & Novita, 2020).

This phenomenon also occurs in Indonesia, particularly in Surabaya, one of the centers of business activity and the public accounting profession in East Java. The city's high economic activity and technological advancements have encouraged Public Accounting Firms (KAP) to adopt digital audit practices. Auditors are required not only to master technology but also to understand client information systems and cope with increasingly complex work pressures. This makes Surabaya a relevant context for examining the dynamics of auditor professional ethics in the era of digital disruption.

Amid these changes, professional ethics remains a key foundation in audit practice. Values such as integrity, objectivity, professional competence, confidentiality, and due care cannot be replaced by technology (Sulaiman & Trisnaningsih, 2024). However, various previous studies have shown that although digitalization improves audit efficiency and quality, gaps remain in auditors' understanding of ethics, particularly in the use of digital systems and the interpretation of technological output (Zaleha & Novita, 2020; Ariadi et al., 2022; Lutfianisa et al., 2025). Furthermore, most studies still use quantitative approaches or literature reviews, thus failing to explore auditors' subjective experiences in facing ethical dilemmas in the digital audit environment.

These limitations indicate a research gap: the lack of in-depth research exploring how auditors interpret and develop an understanding of professional ethics based on direct experience in technology-based audit practices. Therefore, this study uses a phenomenological approach to explore auditors' experiences facing ethical challenges in the era of digital disruption, specifically at a Public Accounting Firm in Surabaya.

Based on this description, this study focuses on auditors' experiences in auditing practice in the era of digital disruption, how auditors interpret the application of professional ethical values, and how auditors face and respond to ethical dilemmas in technology-based audit practice. This study aims to analyze auditors' experiences, understand the construction of the meaning of professional ethics, and examine the professional decision-making process in facing ethical challenges in the digital era.

This research is expected to provide theoretical contributions in the development of studies on auditor professional ethics based on a phenomenological approach, as well as practical contributions for Public Accounting Firms, auditors, and regulators in strengthening professional ethics practices that are adaptive to technological developments.

## 2. LITERATURE REVIEW

### Social Phenomenology Theory

Alfred Schutz's theory of social phenomenology explains that social reality is shaped through individual subjective experiences influenced by their stock of knowledge, intersubjectivity, and lifeworld. Each individual understands the world based on their experiences, knowledge, and social interactions. In the context of the audit profession, understanding ethics stems not only from formal rules but also from work experience, prior learning, and interactions with colleagues and the professional environment. This approach is relevant to explaining how auditors interpret professional ethics amidst technological change, as digital disruption is changing the auditor's lifeworld through the use of technology-based audit systems, requiring auditors to reinterpret ethical values in new work contexts.

### Auditor Professional Ethics

The auditor's professional ethics is a set of moral principles that serve as guidelines in carrying out professional duties. According to the International Code of Ethics for Professional Accountants (IFAC, 2020), there are five main principles: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior, which serve as the basis for maintaining audit quality and public trust. In the era of digital disruption, the application of professional ethics has become increasingly complex because auditors face not only pressure from clients and the work environment but also challenges from the use of technology such as artificial intelligence, big data analytics, and digital audit systems. Therefore, auditors are required to be able to apply ethics not only normatively but also contextually according to technological developments.

## 3. RESEARCH METHOD

This study uses a qualitative approach with phenomenological methods to understand auditors' experiences in constructing their professional ethics in the era of digital disruption. This approach was chosen because it focuses on the subjective meanings auditors experience in facing changes in audit technology such as Computer Assisted Audit Techniques (CAATs), data analytics, e-audits, and cloud-based systems (Creswell & Poth, 2018).

Data analysis was conducted using a phenomenological approach through the stages of transcription, thorough reading, horizontalization to identify important statements, grouping units of meaning, and forming main themes. Next, the researcher compiled a textural description (what the auditor experienced) and a structural description (how the experience occurred), and conducted an interpretation using Alfred Schutz's social phenomenology perspective to find the essential meaning of the auditor's experience. The analysis process was supported by the use of NVivo software to assist with data organization and the coding process, while interpretation was still carried out manually. To ensure the

validity of the data, this study used source triangulation by comparing the results of interviews, observations, and relevant documents.

#### 4. RESULTS AND DISCUSSION

##### RESEARCH RESULT

This study aims to explore auditors' experiences, the meaning of professional ethics, and ethical dilemmas in digital auditing practices using a phenomenological approach. Data were obtained through in-depth interviews with three informants from different public accounting firms and supported by analysis using NVivo software.

The research findings show that the use of digital technology has become an integral part of audit practice. Auditors routinely use various tools such as Microsoft Excel, ATLAS, and cloud-based media for data processing, analysis, and audit documentation. This technology utilization facilitates increased work efficiency, accelerates the audit process, and produces more structured and neat documentation. However, this increased efficiency is also accompanied by increased expectations for speedy audit completion, resulting in work pressure for auditors. This finding is further reinforced by NVivo analysis using the word frequency query feature, which shows the dominance of words such as "digital," "auditor," and "technology" in interview data, indicating that audit practice is closely related to the use of technology.



*Word frequency query Auditor Experience in Digital Audit, 2026*

Although technology offers various conveniences, auditors do not rely entirely on digital systems. Auditors still use professional judgment and perform manual verification to ensure the reliability of audit results. This demonstrates that technology serves as a tool, not a replacement for the auditor's role. Furthermore, the use of technology also presents new challenges, such as the risk of errors in data processing, inconsistencies in client data, and the potential for technical errors, such as incorrect use of formulas. This situation emphasizes that audit digitalization not only increases efficiency but also introduces new risks that need to be carefully managed.

The research results show that auditors view professional ethics as the primary foundation for conducting audits, including in the digital context. Ethical principles such as integrity, objectivity, professional competence, confidentiality, and professional conduct remain the primary guidelines for audit implementation. Integrity is not only defined as honesty in reporting, but also in data processing and analysis. Objectivity is reflected in auditors' attitudes, which do not rely solely on system results, but rather maintain a critical



decisions. Auditors prefer to slow down the audit process rather than make decisions that risk compromising audit quality. These findings indicate that auditor decision-making is based not only on the results of systems analysis, but also on professional judgment and ethical values.

## DISCUSSION

The discussion in this study interprets empirical findings by linking them to a social phenomenological perspective and previous research findings. The results indicate that digital audit practices experienced by auditors are not characterized by the use of complex audit systems, but rather by the intensive use of simple technologies such as Microsoft Excel in daily audit activities. This technology use includes data processing, analysis, reconciliation, and the preparation of audit documentation. These findings indicate that digitalization in audit practice is contextual and gradual, where digital transformation is not always realized through full automation, but through optimizing the use of tools familiar to auditors. This is in line with research stating that the use of technology in auditing, including the use of simple data analytics, can improve the efficiency and effectiveness of the audit process (Saliha et al., 2025).

However, the use of technology also brings consequences in the form of increased work pressure and the risk of technical errors in data processing. This condition indicates that technology in auditing has an ambivalent character, namely being able to increase efficiency while also presenting new risks that require caution. This finding supports the concept of technology as a double-edged sword in audit practice, where technology not only provides benefits but also creates new challenges for auditors (Widyakusuma et al., 2025). From a social phenomenology perspective, this condition reflects changes in the auditor's lifeworld, where audit practices from previously manual-based to digital-based. This transformation is also influenced by the auditor's stock of knowledge, which forms a critical attitude towards technological results, as well as intersubjectivity through social interactions within the audit team, which strengthens the practice of collective technology use. Thus, technology does not replace the role of the auditor, but is integrated into professional practice that remains dependent on professional judgment.

The results of this study indicate that auditors' understanding of professional ethics in digital audit practice has not undergone any substantive change, but rather has undergone a process of reconstruction through their experience using technology. Auditors remain committed to the basic principles of professional ethics, such as integrity, objectivity, professional competence, confidentiality, and professional conduct, but their application has become more contextualized in a digitalized work environment. This finding aligns with research suggesting that the meaning of auditors' professional ethics is shaped through subjective experiences in navigating the ever-evolving dynamics of the work environment (Laine et al., 2024).

The use of technology actually strengthens auditors' awareness of the importance of ethics, particularly when facing the risk of system errors and efficiency pressures. This is also supported by research showing that digital disruption requires auditors to balance the use of technology with the application of professional ethical values (Dita et al., 2024). In this regard, professional ethics can be understood as an internal control mechanism that functions to maintain a balance between efficiency and audit quality. When technology

enables accelerated work processes, ethics plays a role in ensuring that this speed does not compromise the reliability of audit results. From a social phenomenology perspective, the meaning of ethics is formed within the auditor's lifeworld, influenced by previous experiences (stock of knowledge) and social interactions within the work environment (intersubjectivity). Thus, professional ethics is not only normative but also adaptive and contextual in accordance with the dynamics of digital audit practices.

Although technology allows for accelerated analysis, auditors tend to prioritize the principle of prudence by ensuring the sufficiency of evidence before drawing conclusions. This suggests that technology is not the primary determinant in decision-making, but rather remains under the control of the auditor's professional judgment. This finding also reinforces the concept that the sufficiency of audit evidence remains the primary basis for the audit decision-making process (Saliha et al., 2025). Furthermore, the decision-making process also involves social interaction through discussion and supervision, reflecting the collective nature of audit practice.

From a social phenomenological perspective, this condition can be explained through the motives of action, namely the "because" motive, which is related to work pressure and previous experience, and the "in-order-to" motive, which is oriented towards the goal of producing a quality and accountable audit. Thus, the findings of this study confirm that in the context of digital auditing, the role of professional ethics is not diminished, but rather increasingly crucial in ensuring that technology use remains within the scope of auditor professionalism.

## **IMPLICATION**

The implications of this research indicate that Public Accounting Firms (KAP) in Surabaya are still dominated by the use of simple technology and have not fully adopted integrated digital systems or data analytics in the audit process, potentially affecting efficiency and effectiveness and increasing the risk of technical errors. Therefore, KAPs need to strengthen their work mechanisms by implementing multi-layered review procedures and affirming standard operating procedures (SOPs) to ensure the audit process remains systematic and reliable. Furthermore, improving auditor competency and readiness to adopt more integrated technology are crucial to support the quality and reliability of future audits.

## **CONCLUSION**

This research shows that the use of technology in digital auditing practices, particularly Microsoft Excel, has become an important part in supporting the audit process, but does not replace the role of auditors because it still relies on professional judgment. The meaning of auditor professional ethics remains based on core values such as integrity, objectivity, and competence, but is interpreted more reflectively in line with the demands of technological use. Auditors also face ethical dilemmas due to time pressure, incomplete data, and client demands, where decisions tend to prioritize the sufficiency of evidence and the principle of prudence. Overall, the ethics of the auditor professional in the digital era has not changed fundamentally, but has undergone a reconstruction of meaning through work experience and professional interactions, thus becoming a contextual practice in the auditor's work life.

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