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Examining the Relationship between Intrinsic and Extrinsic Religiosity and Peer Influence on Moral Recognition, Judgment, and Intention

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Abstract

Purpose**:** The present study aims to examine the impact of intrinsic and extrinsic religiosity, as well as peer influence, on the three stages of ethical decision-making: ethical recognition, ethical judgment, and ethical intention.

Background**:** The expansion of ethical challenges in the accounting profession and the growing societal sensitivity to unethical behaviors have further highlighted the necessity of investigating factors influencing ethical decision-making.

Method/Approach**:** Relying on Rest's (1986) ethical decision-making model, this research employs a quantitative methodology and partial least squares structural equation modeling (PLS-SEM). Data were collected by distributing a validated questionnaire among university faculty members in the field of accounting.

Findings**:** The findings revealed that both intrinsic and extrinsic religiosity have a significant positive effect on ethical recognition, judgment, and intention. Within the Iranian cultural context, even extrinsic religiosity, due to the normative role of religion, strengthens ethical orientation. Furthermore, peer influence emerged as the strongest factor affecting all stages of ethical decision-making—a finding that underscores the importance of group structures and social norms in shaping ethical behavior. The internal pathways of Rest's model were also confirmed, demonstrating the effect of ethical recognition on ethical judgment and the effect of ethical judgment on ethical intention, with the mediating role of ethical judgment being substantiated. The results indicate that ethical decision-making is the product of the simultaneous interaction of individual religious inclinations and social forces stemming from the peer environment.

Conclusion**:**These findings have significant implications for designing professional ethics training programs, enhancing ethical organizational cultures, and strengthening social mechanisms that support ethical behavior.

Keywords

Intrinsic and Extrinsic Religiosity, Moral Recognition, Moral Judgment, Moral Intention.

Introduction

Internal and external religiosity, as two fundamental religious orientations, play a crucial role in shaping ethical beliefs and individual decision-making. While internal religiosity reflects deep, internalized beliefs and a stable moral commitment, external religiosity often indicates instrumental, social, or strategic attitudes toward religion. Evidence suggests that internal religiosity is frequently associated with greater sensitivity to moral norms and consistent ethical decision-making, whereas external religiosity may render ethical decision-making more flexible or, at times, unstable when faced with social pressures and complex situations (Giacomin et al., 2025). These effects do not operate solely through individual pathways; peer influence, as a powerful social factor, can moderate how religious beliefs translate into moral judgment and intention through normative pressure, behavioral modeling, and encouragement to align with the group. Recent empirical evidence shows that peer support plays a significant role in developing adolescents' religious character and moral values, clearly highlighting the interaction between individual religiosity and the social context (Earley Atoun & Anggraini, 2025). On the other hand, ethical decision-making is typically conceptualized as a multi-stage process involving ethical cognition (identifying an ethical situation), ethical judgment (evaluating an action or agent), and behavioral intention (commitment to moral action), with each stage susceptible to various factors. For instance, cognitive load or constrained cognitive resources have been shown to alter moral judgment: under high cognitive load, individuals tend to adopt more utilitarian or public-interest-based decisions, indicating that limited cognitive resources can shift the direction and intensity of moral judgment (Zheng et al., 2025). Simultaneously, religiosity interacts with cognitive processes; for example, studies have shown that religious belief is linked to "deontological" moral judgments, particularly when an individual perceives divine authority as the moral standard, suggesting that faith can support a specific type of moral reasoning under cognitive constraint (Weiss & Forstmann, 2024). However, the intersection of religiosity and peer influence within the process of ethical cognition and decision-making has not been fully examined. While traditional research often emphasizes the direct effects of religiosity on ethics (Tariq et al., 2019), the moderating role of social networks and peers requires more careful investigation. Even strongly, internally committed religious individuals may recalibrate their moral judgments and intentions in the face of peer norms, especially in conditions of moral ambiguity or when group alignment provides an alternative action framework. Meta-analytic evidence also reliably shows

that a lack of cognitive resources or cognitive pressure influences moral judgment (Rehren, 2024), indicating that the interaction between religiosity and cognitive processing under such constraints deserves attention. An integrated model that considers internal and external religiosity, peer influence, and the three-stage ethical decision-making process (cognition → judgment → intention) represents a significant theoretical innovation. This framework allows researchers to examine the direct and interactive effects of religious orientation and social context on each stage of moral processing. From a methodological perspective, testing such a model requires experimental designs that manipulate cognitive load, measure peer normative pressure, and assess moral outcomes at each stage to reveal their compound effects. For example, external religiosity might affect ethical intention only under conditions of convergent peer influence, or internal religiosity might exert its strongest influence when cognitive resources are limited, and peer pressure aligns with religious values. Empirically testing this integrated model has important practical implications. If peer influence can weaken or neutralize the ethical effects of religiosity, educational interventions aimed at fostering ethical intention must, in addition to individual training, incorporate training on group moral norms or the design of ethics-centered social networks. Furthermore, investigating the role of cognitive load in these interactions can improve strategies for ethical decision-making in high-stress environments, including educational and organizational settings. In summary, this paper proposes an integrated framework in which internal and external religiosity, peer influence, and the stages of ethical cognition (identification, judgment, intention) simultaneously influence ethical behavior. Elucidating these interactions not only contributes to theories in moral psychology and religious ethics but also provides practical insights for fostering ethical behavior in complex social environments under cognitive pressure.

The primary innovation of the present study lies in being the first within the Iranian research context to examine a combined model of internal/external religiosity, peer influence, and the three-stage ethical process (ethical cognition → ethical judgment → ethical intention) in an integrated manner. Although previous Iranian research has considered religiosity as a factor influencing moral values and behavior (e.g., previous Iranian studies on social capital and religiosity) and some qualitative studies have explored the experience of ethics-oriented religiosity among the youth, most of these studies have limited themselves to the belief dimension or the function of religiosity and have not systematically examined the role of peer social pressure and its interaction with religious belief. On the other hand,

Iranian studies on religiosity have predominantly focused on the general quantitative measurement of religious beliefs without meticulously modeling the dimensions of internal and external religiosity separately. Critiques in the domestic religious literature on the measurement methods used in national surveys indicate that existing measurement models are insufficiently aligned with the semantic and cultural structure of religiosity in Iran. Furthermore, no known Iranian study to date has examined the process of ethical cognition as a distinct stage mediating between religious belief and ethical intention. Understanding this pathway could reveal which factor—internal/external religious belief or peer pressure—has a greater impact on moral decision-making. Therefore, an empirical test of this model not only represents a novel step in developing the theory of religiosity and ethics in Iran but can also yield significant practical implications.

1. Literature Review

The study of religiosity, particularly in relation to moral reasoning, is rooted in diverse psychological frameworks and historical contexts. In the 1960s, researchers introduced a model of religious orientation that classified religiosity into intrinsic and extrinsic dimensions. Intrinsic religiosity is characterized by a deeply personal and committed approach to religion, emphasizing private devotion and personal piety. In contrast, extrinsic religiosity is more social and utilitarian, often viewed as a means to achieve social connections or provide psychological comfort. This distinction has important implications for understanding how individuals process moral dilemmas. Intrinsic religiosity has been linked to higher levels of moral development, as individuals who engage with their faith more profoundly may possess a more nuanced understanding of ethical principles. Conversely, extrinsic religiosity, with its focus on external validation and social conformity, may influence moral reasoning differently, potentially leading to judgments that prioritize social acceptance over personal conviction (Arli et al., 2025).

1-1.Intrinsic and Extrinsic Religiosity

Allport and Ross (1967) used the term "religious orientation" to describe religiosity, defining it as "the personal practice of religion." McDaniel and Burnett (1990) define religiosity as trust in God coupled with a commitment to follow principles believed to be set by God. Intrinsic religiosity refers to motivations rooted in the inherent goals of the religious tradition itself, reflecting a religious commitment to more intrinsic and spiritual ends. This reflects the motivation for an internal commitment to religion and its

principles as part of one's daily life, to contribute to the public good, and to support one's own religion (Vitell et al., 2011). King and Crowther (2004) describe intrinsically motivated religious individuals as those who view religious practice as an end in itself, are "true believers" in the practice for its own sake, and have a pure and direct motivation toward religion and practice. Extrinsic religiosity refers primarily to utilitarian motivations for religious behaviors. This reflects religious participation for somewhat self-serving reasons, such as social approval for advancing one's business (Vitell et al., 2011).

Empirical findings on the effect of intrinsic and extrinsic religiosity on ethical decision-making remain inconclusive among researchers who support the influence of religiosity on the ethical decision-making domain (Walker et al., 2014; Auvray et al., 2015). Singhapakdi et al. (2013) found that managers with higher levels of intrinsic religiosity were more likely to adhere to ethics in their intentions. This result indicated that intrinsic religiosity has a significant positive impact on ethical intention. They also found that managers with higher levels of extrinsic religiosity were less likely to adhere to ethics in their intentions. This result indicated that extrinsic religiosity has a negative impact on ethical intention. Vitell et al. (2011) studied 114 undergraduate consumer students from a university in the United States and claimed that intrinsic religiosity is a significant determinant of consumer ethical beliefs (three of the four dimensions). Furthermore, Walker et al. (2014) surveyed 330 individuals over 19 years of age with at least one year of work experience in the United States to examine the influence of religiosity on work-related ethical judgments. They found that religiosity is associated with ethical outcomes. Intrinsic religiosity was negatively correlated with the endorsement of ethically questionable actions, while extrinsic religiosity was positively correlated with the endorsement of ethically questionable actions.

1-2.Ethical Cognition and Ethical Judgment

The influence of ethical cognition on ethical judgment is described by Rest (1986) in his ethical decision-making model. Furthermore, Hunt and Vitell (1986), in their ethical decision-making model, posited that an individual's recognition of an ethical problem situation is the catalyst for the ethical decision-making process. To measure the construct of ethical recognition, Singhapakdi and Vitell (1990) propose asking respondents whether the situation described in each scenario involves ethical problems. Specifically, they asked respondents to indicate their agreement with statements such as "The above situation involves an ethical problem." Their study found that

individuals who possess ethical recognition ability, or can perceive that a situation involves an ethical problem, will make more ethical judgments.

1-3.Ethical Judgment and Ethical Intention

The Theory of Reasoned Action states that individuals' attitudes or judgments influence their behavioral intentions. Hunt and Vitell (1986), in their marketing ethics model, explain ethical judgment as the fundamental factor in an individual's intention to implement a specific alternative to resolve an ethical dilemma. To measure ethical intentions, Singhapakdi et al. (1996) propose asking respondents to indicate whether they would act in the same ethically questionable ways as the person described in the scenarios. Specifically, they used the statement "The above situation involves an ethical problem." Previous studies, such as Vitell and Hunt (1990) and Singhapakdi et al. (2013), found that ethical judgment has a positive effect on ethical intention.

Bani Mahd et al. (2025) studied the relationship between mindfulness and ethical judgment, finding that mindfulness has a significant positive impact on auditors' ethical judgment. Mindfulness, as a psychological trait, enhances the ethical judgment of auditors.

Moradi and Iqbal (2024) examined the effect of moral equity on auditors' ethical behavior, with religiosity as a moderating variable. The results indicated that moral equity significantly affects auditors' ethical behavior with a high level of confidence. This highlights the importance of auditors' personality and traits, which lead to the manifestation of moral equity in their ethical behavior. Furthermore, the results showed that moral equity significantly influences religiosity with a high level of confidence, and that religiosity plays a significant role in the relationship between moral equity and auditors' ethical behavior with a high level of confidence. As the level of religiosity and auditors' adherence to religious teachings increases, the incidence of fraud in financial reporting decreases.

Yazdi et al. (2023) investigated the impact of auditors' professionalism—through its components—on their ethical judgment, emphasizing the moderating role of auditors' perception of the organization's ethical culture. The results revealed a significant relationship between the components of professionalism (auditors' commitment to public interest and the exercise of independence) and their ethical judgment. Furthermore, the auditor's perception of the organizational ethical culture plays a moderating role in the relationship between professionalism (via its components) and ethical judgment.

Abedi Jafari et al. (2018) proposed a model to explain how intrinsic religiosity influences ethical decision-making in business. The findings demonstrated that intrinsic religiosity positively impacts ethical decision-making both directly and indirectly by strengthening variables such as duty orientation and guilt from unethical behavior, while weakening the variable of Machiavellian ethics.

Jalise et al. (2025) investigated the relationship between spirituality, ethics, and intrinsic/extrinsic religiosity as antecedents of green purchase behavior. The findings indicated a significant relationship between ethics and green purchase behavior for Chinese and Pakistani consumers. The results also showed that both intrinsic religiosity and spirituality positively influence the green purchase behavior of Chinese and Pakistani consumers.

Chan et al. (2022) examined whether religiosity and ethical principles influence ethical decision-making in a multi-religious context. The findings revealed that intrinsic religiosity has a positive relationship with ethical recognition and intention, while extrinsic religiosity has a negative relationship with ethical intention in the sample related to the duty of care. Although intrinsic religiosity predicted justice, deontology, and relativism across three samples, it also showed a positive relationship with utilitarianism in one sample. Egoism was not associated with intrinsic or extrinsic religiosity. Extrinsic religiosity was negatively related to justice, deontology, relativism, and utilitarianism. Additionally, the ethical recognition of intrinsic religiosity and the extrinsic religiosity-ethical intention relationship are mediated differently by ethical principles.

Anriani et al. (2022) explored how religion influences individuals' ethics and ethical principles in both extrinsic and intrinsic dimensions. The results showed that religiosity plays a significant role in individuals' ethics and ethical principles, which subsequently affect their mental health. Individuals' ethics and ethical principles serve as beneficial mediators in building a bridge between religion and mental health.

2. Research Hypotheses

H1: Intrinsic religiosity has a significant effect on ethical cognition.

H2: Intrinsic religiosity has a significant effect on ethical judgment.

H3: Intrinsic religiosity has a significant effect on ethical intention.

H4: Extrinsic religiosity has a significant effect on ethical cognition.

H5: Extrinsic religiosity has a significant effect on ethical judgment.

H6: Extrinsic religiosity has a significant effect on ethical intention.

H7: Peer influence has a significant effect on ethical cognition.

H8: Peer influence has a significant effect on ethical judgment.

H9: Peer influence has a significant effect on ethical intention.

H10: Ethical cognition has a significant effect on ethical judgment.

H11: Ethical judgment has a significant effect on ethical intention.

H12: Ethical cognition has a significant effect on ethical intention through the mediation of ethical judgment.

3. Methodology

The present research is applied in an objective manner and falls within the category of descriptive studies. The constructed model is examined quantitatively using a correlational survey method. Given the use of historical data, this study is retrospective. Since the required research data are obtained from archival information, it is considered library research; however, for testing the model, a questionnaire is employed. The statistical population of this study consists of university faculty members in the field of accounting. For sampling, the simple random sampling method was used, and to determine the sample size, the formula introduced for structural equation modeling, as per Equation (1), has been applied (Taftiyan & Baghi Nasab, 2023):

$$
\begin{aligned}
& n = \max(n_1, n_2) \\
& n_1 = \left[50\left(\frac{j}{k}\right)^2 - 450\left(\frac{j}{k}\right) + 1100\right] \\
& n_2 = \left[\frac{1}{2H}\left(A\left(\frac{\pi}{6} - B + D\right) + H + \sqrt{\left(A\left(\frac{\pi}{6} - B + D\right) + H\right)^2 + 4AH\left(\frac{\pi}{6} + \sqrt{A} + 2B - C - 2D\right)}\right)\right] \\
& A = 1 - \rho^2 \\
& B = \rho \arcsin\left(\frac{\rho}{2}\right) \\
& C = \rho \arcsin(\rho) \\
& D = \frac{A}{\sqrt{3 - A}} \\
& H = \left(\frac{\delta}{z_{1-\alpha/2} - z_{1-\beta}}\right)^2
\end{aligned}
\qquad (1)
$$

According to Equation (1), the minimum sample size was calculated to be 140, and the optimal sample size was 420. In the present study, a final total of 392 completed questionnaires were collected and analyzed. The data collection method for this phase involved using a researcher-developed questionnaire. The factorial structure of the model was assessed based on the dimensions and components of the proposed model (Mubarak, 2018). The

questionnaire was distributed among the statistical sample. To evaluate the responses, the items in this questionnaire were arranged on a 5-point Likert scale.

Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The measurement model included tests for indicator reliability, convergent validity, and discriminant validity. The structural model included path coefficients, significance levels, and the coefficient of determination (R^2), which were used to examine the hypotheses. The reasons for employing PLS-SEM in this study included the assessment of hierarchical models, the lack of a requirement for data normality assumptions, the ability to handle issues of measurement model identification, and the absence of missing data and outliers.

The data analysis was based on the Structural Equation Modeling (SEM) method using PLS software. To assess the fit of the structural model, indices such as R^2, Q^2 (predictive relevance), and GOF (Goodness-of-Fit) were used.

4. Findings / Results

4-1. Questionnaire Reliability

If Cronbach's alpha is greater than 0.7, the internal components (items) exhibit adequate correlation. As can be observed, the Cronbach's alpha coefficient for all variables is greater than 0.7, confirming the reliability of all variables.

Table 1. Results of Reliability Testing

Variable / Construct	Cronbach's Alpha (α)	Result
Extrinsic Religiosity	0.855	Reliability Confirmed
Intrinsic Religiosity	0.911	Reliability Confirmed
Ethical Cognition	0.728	Reliability Confirmed
Ethical Judgment	0.804	Reliability Confirmed
Peer Influence	0.911	Reliability Confirmed
Ethical Intention	0.737	Reliability Confirmed

4-2. Composite Reliability

The results of the composite reliability test, as shown, indicate that McDonald's Omega coefficient for all variables is greater than 0.7. Consistent with the Cronbach's alpha results, the reliability of all variables is confirmed. The results related to the composite reliability test are reported in Table 2.

Table 2. Results of Composite Reliability Analysis

Variable / Construct	Composite Reliability (ω)	Result
Extrinsic Religiosity	0.890	Reliability Confirmed
Intrinsic Religiosity	0.930	Reliability Confirmed
Ethical Cognition	0.846	Reliability Confirmed
Ethical Judgment	0.877	Reliability Confirmed
Peer Influence	0.927	Reliability Confirmed
Ethical Intention	0.884	Reliability Confirmed

4-3. Questionnaire Validity

Convergent Validity

If the Average Variance Extracted (AVE) is greater than 0.5, the questionnaire possesses convergent validity. As shown in Table 3, where the AVE for all variables exceeds 0.5, the convergent validity of all variables is confirmed.

Table 3. Results of Convergent Validity Analysis (Average Variance Extracted)

Variable / Construct	AVE	Result
Extrinsic Religiosity	0.539	Validity Confirmed
Intrinsic Religiosity	0.657	Validity Confirmed
Ethical Cognition	0.649	Validity Confirmed
Ethical Judgment	0.647	Validity Confirmed
Peer Influence	0.563	Validity Confirmed
Ethical Intention	0.791	Validity Confirmed

4-4. Discriminant Validity

For assessing discriminant validity, the correlation matrix and the Fornell-Larcker matrix are used. If the correlation coefficients between variables are smaller than the values on the main diagonal, discriminant validity is confirmed. According to the results, this condition holds true in both the correlation and Fornell-Larcker matrices, confirming discriminant validity.

Table 4. Fornell-Larcker Criterion Matrix

Construct	(1)	(2)	(3)	(4)	(5)	(6)
(1) Extrinsic Religiosity	0.734					
(2) Intrinsic Religiosity	0.641	0.810				
(3) Ethical Cognition	-0.624	-0.546	0.806			
(4) Ethical Judgment	0.708	0.678	-0.438	0.805		
(5) Peer Influence	0.743	0.743	-0.497	0.777	0.750	
(6) Ethical Intention	-0.714	0.746	0.655	-0.568	-0.689	0.890

According to the contents of Table 4, Fornell and Larcker (1981) propose that discriminant validity is assessed using a matrix. A component should demonstrate greater distinction and separation among its own observable indicators (questions) compared to other components to be considered as having high discriminant validity. In discriminant validity, we seek to answer the question: To what extent can a factor explain the variance in a set of questions, in competition with external, unrelated, and unmeasured factors? If a factor accounts for the largest portion of the variance within its own set of questions and shows low correlations with unrelated factors, it possesses discriminant validity. In other words, the square root of the convergent validity (AVE) for each component must be greater than its highest correlation with any other component (the numbers on the diagonal of Table 4) (Fornell & Larcker, 1981). The presented numbers indicate appropriate discriminant validity according to the Fornell-Larcker criterion.

4-5. Structural Model Fit

The quality of the structural model was also calculated using the predictive power index (Q^2). The purpose of this index is to examine the structural model's ability to predict using a holdout sample method. Based on this criterion, the model should predict the indicators of the reflective endogenous latent variables. Positive values greater than zero indicate that the observed values are well reconstructed, suggesting that the structural model is of appropriate quality.

The results of the structural model fit from the SmartPLS software are presented in Figures 1 and 2. The values on the lines are the standardized beta coefficients resulting from multivariate regression estimation, referred to as path coefficients. To examine the significance of the coefficients, the bootstrapping method was used with 5000 subsamples, as recommended in the Partial Least Squares approach.

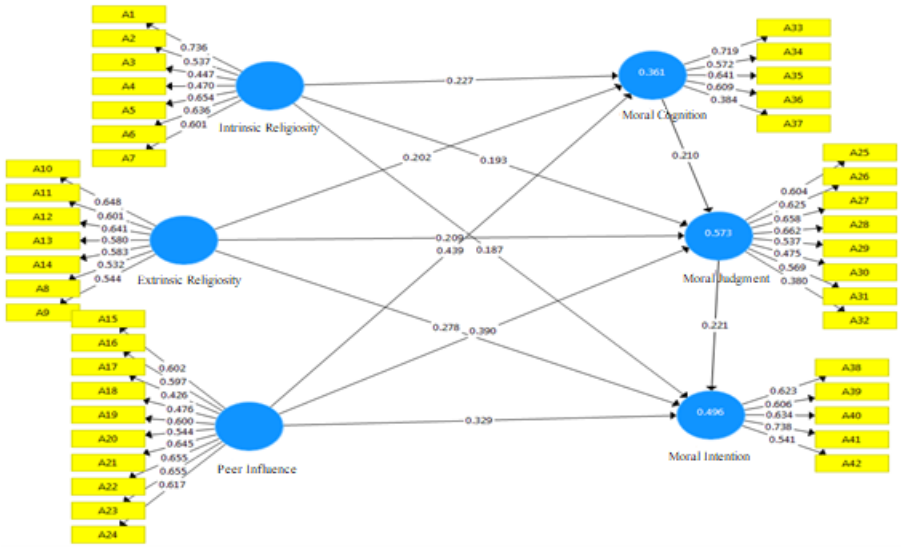

Figure 1. Model Fit Results in SmartPLS Software: Path Coefficients and Coefficients of Determination

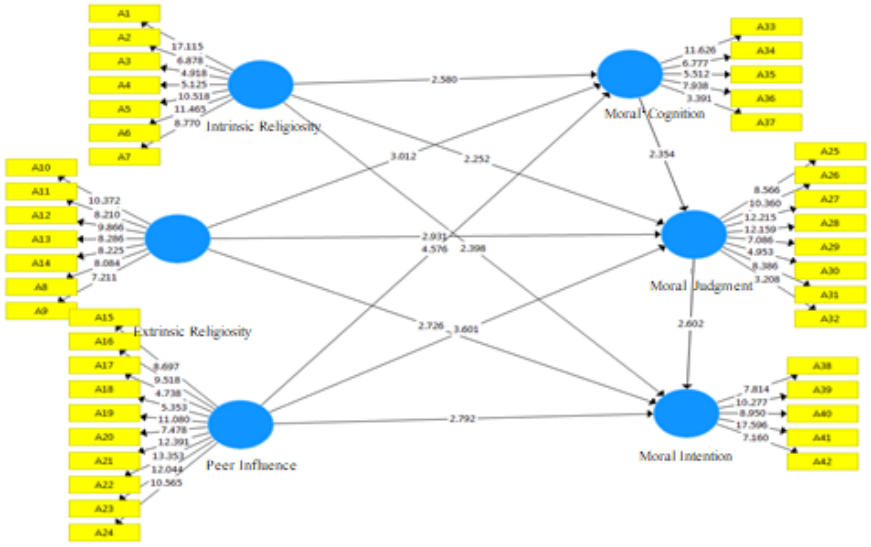

Figure 2. Model Fit Results in SmartPLS Software: Significance Coefficients

Table 5. Model Fit Results in SmartPLS Software: Predictive Power

Variable	R^2	Adjusted R^2	SSO	SSE	Q^2 (=1-SSE/SSO)
Extrinsic Religiosity	–	–	2,247.0	2,247.0	–
Intrinsic Religiosity	–	–	2,247.0	2,247.0	–
Ethical Cognition	0.361	0.349	963.0	735.8	0.236
Ethical Judgment	0.573	0.562	1,284.0	796.9	0.379
Peer Influence	–	–	3,210.0	3,210.0	–
Ethical Intention	0.496	0.484	642.0	290.7	0.547

Based on Table 5, the obtained predictive power (Q^2) coefficient is appropriate, and the obtained Goodness-of-Fit (GoF) index is at a desirable level. The obtained values indicate the overall desirability of the model.

4-6. Hypothesis Testing

The results of the model fit, along with the values of path coefficients, t-statistics, and significance levels for testing the hypotheses, are presented in the tables below.

Table 6. Results of Direct Hypothesis Testing (Path Analysis)

Hypothesis	Path Coefficient (β)	t-statistic	p-value
Extrinsic Religiosity → Ethical Cognition	0.202	3.012	0.000
Extrinsic Religiosity → Ethical Judgment	0.209	2.931	0.000
Extrinsic Religiosity → Ethical Intention	0.278	2.726	0.007
Intrinsic Religiosity → Ethical Cognition	0.227	2.580	0.010
Intrinsic Religiosity → Ethical Judgment	0.193	2.252	0.025
Intrinsic Religiosity → Ethical Intention	0.187	2.398	0.017
Ethical Cognition → Ethical Judgment	0.210	2.354	0.019
Ethical Judgment → Ethical Intention	0.221	2.602	0.010
Peer Influence → Ethical Cognition	0.439	4.576	0.000
Peer Influence → Ethical Judgment	0.390	3.601	0.000
Peer Influence → Ethical Intention	0.329	2.792	0.005

Table 7. Model Fit Results in SmartPLS Software: Significance Coefficients

Hypothesis	Specific Indirect Effect	t-statistic	p-value
Ethical Cognition → Ethical Judgment → Ethical Intention	0.086	2.014	0.045

As shown in Table 6, since the significance level (p-value) of the effect of intrinsic religiosity on ethical cognition, ethical judgment, and ethical intention is less than 0.05, it can be concluded that intrinsic religiosity significantly affects ethical cognition, ethical judgment, and ethical intention. Consequently, hypotheses H1, H2, and H3 are supported.

Furthermore, since the significance level of the effect of extrinsic religiosity on ethical cognition, ethical judgment, and ethical intention is less than 0.05, it can be concluded that extrinsic religiosity significantly affects ethical cognition, ethical judgment, and ethical intention. Consequently, hypotheses H4, H5, and H6 are supported.

Similarly, since the significance level of the effect of peer influence on ethical cognition, ethical judgment, and ethical intention is less than 0.05, it can be concluded that peer influence significantly affects ethical cognition, ethical judgment, and ethical intention. Consequently, hypotheses H7, H8, and H9 are supported.

Additionally, as observed in Table 6, since the significance level of the effect of ethical cognition on ethical judgment and ethical judgment on ethical intention is less than 0.05, it can be concluded that ethical cognition significantly affects ethical judgment, and ethical judgment significantly affects ethical intention. Consequently, hypotheses H10 and H11 are supported.

As shown in Table 7, since the significance level of the indirect effect of ethical cognition → ethical judgment → ethical intention is less than 0.05, it can be concluded that ethical cognition affects ethical intention through the mediation of ethical judgment. Consequently, hypothesis H12 is also supported.

4-7. Assessment of Fit Indices

R^2 (Coefficient of Determination) Index

This index measures the proportion of variance in a latent variable explained by its predictors relative to the total variance. For this index, values of 0.19, 0.33, and 0.67 are introduced as benchmark criteria for weak, moderate, and strong explanatory power, respectively. The results of the R^2 fit index are presented in Table 9, indicating a good model fit.

Table 8. Results of the R^2 Fit Index

Variable	R^2	Result (Strength)
Ethical Cognition	0.361	Moderate Fit
Ethical Judgment	0.573	Substantial Fit
Ethical Intention	0.496	Substantial Fit

4-8. Q^2 (Predictive Relevance) Index

This index, introduced by Stone (1974) and Geisser (1975), specifies the predictive power of the model. Models with appropriate structural fit should be capable of predicting the indicators related to endogenous constructs. In this case, the constructs will be able to adequately influence one another to properly test the hypotheses. For this index, values of 0.02, 0.15, and 0.35 are introduced as benchmark criteria for weak, moderate, and strong predictive relevance, respectively. The higher the Q^2 index for a model's constructs, the better the model's fit. The results of the Q^2 fit index are included in Table 9 and indicate a good model fit.

Table 9. Results of the Q^2 (Predictive Relevance) Fit Index

Variable	Q^2	Result (Predictive Power)
Ethical Cognition	0.236	Moderate Predictive Power
Ethical Judgment	0.379	Strong Predictive Power
Ethical Intention	0.547	Strong Predictive Power

4-9. GOF (Goodness-of-Fit) Index

The GOF index pertains to the overall part of structural equation modeling and is used for the model's overall fit. For this index, values of 0.01, 0.25, and 0.36 are introduced as benchmark criteria for weak, moderate, and strong fit, respectively. Therefore, the higher the GOF index for a model, the better the model's fit. The results of the GOF fit index are reflected in Table 11 and indicate a strong model fit.

Table 10. Results of the GOF (Goodness-of-Fit) Index

Variable / Construct	R^2	Communality (AVE)
Extrinsic Religiosity	–	0.384
Intrinsic Religiosity	–	0.527
Ethical Cognition	0.361	0.308
Ethical Judgment	0.573	0.417
Peer Influence	–	0.460
Ethical Intention	0.496	0.328
Average	0.477	0.404
Goodness-of-Fit (GOF) = $\sqrt{}$(Average R^2 × Average Communality) = $\sqrt{}$(0.477 × 0.404) = 0.439		

5. Conclusion

The findings of the present study provide a clear, multi-layered picture of how intrinsic and extrinsic religiosity, along with peer influence, affect the three-stage process of ethical decision-making—namely, ethical cognition, ethical judgment, and ethical intention. The results indicated that all three independent variables have a significant effect on all stages of ethical decision-making. This demonstrates that within the Iranian cultural and professional context, ethical decision-making is not a purely individual phenomenon; rather, it is the outcome of the simultaneous interaction of psychological factors (intrinsic religiosity), normative-social factors (extrinsic religiosity), and group-environmental factors (peer influence). The confirmation of these simultaneous influences highlights the importance of a multi-dimensional perspective on professional ethics, revealing that explaining ethical behavior without considering social and cultural contexts would be incomplete. First, the significant positive impact of intrinsic religiosity on ethical cognition, judgment, and intention was confirmed. This finding aligns with the theoretical literature on religiosity and ethics, which posits that an intrinsic religious orientation fosters a stable, internalized commitment to ethical principles and heightens an individual's sensitivity to ethical situations. Individuals with intrinsic religiosity typically pursue an ethical system not for gaining rewards or social approval, but as an integral part of their personal identity. Consequently, when faced with ethical situations, they possess greater accuracy in recognition, and their judgments are based on internalized values. The influence of this type of religiosity on ethical intention is also a natural consequence of this value system, as ethical intention ultimately stems from an individual's deepest beliefs; when ethical principles are internalized and stable, ethical action is more likely. The path coefficients obtained in the model further indicate that this effect is stable and significant across all stages of ethical decision-making.

In contrast, findings regarding extrinsic religiosity also showed a significant positive effect on all stages of ethical decision-making. This finding contrasts with some Western literature that often portrays extrinsic religiosity as more instrumental and sometimes even contradictory to ethical behavior. However, in Iran, where religious behavior, even when motivated by external reasons, is embedded within social, cultural, and normative networks, extrinsic religiosity can serve as a motivator for ethical behavior. This result suggests that individuals who engage in religious practices for social or instrumental motives may still demonstrate a greater inclination toward ethical behavior to preserve their social standing, ethical image, or conformity with collective norms. In other words, within the Iranian cultural

context, religious behavior is perceived as a social marker of ethical conduct. This perception causes extrinsic religiosity, even if it lacks the depth of intrinsic religiosity, to still guide ethical decision-making in a positive direction. From a sociological perspective on ethics, this points to a strong link between "religion" and "general ethical norms" in Iranian culture.

The most significant and prominent finding of this study is the very strong and significant impact of peer influence on ethical cognition, judgment, and intention. The path coefficients revealed that peer influence has the highest predictive power among all variables. This finding underscores that in professional environments, individuals' behavior and judgment depend not only on their religious and personal beliefs but are also heavily influenced by group values, behaviors, and norms. The prominent role of peers is entirely consistent with social and normative learning theories, which posit that individuals in work settings tend to align their behavior with group norms, and this alignment can even supersede personal religious beliefs. The present results show that peers in the professional environment can directly intervene in the process of forming ethical cognition—they can instruct individuals, create ethical sensitivity, and shape the definition of an ethical problem. Furthermore, individuals' ethical judgment and intention are also influenced by normative pressures, observing others' behavior, and concerns about social acceptance or rejection. This finding has considerable practical importance, as it indicates that enhancing professional ethics cannot rely solely on individual training; instead, group environments and collective norms within organizations must be improved and strengthened. Regarding the internal relationships within the model, the results were fully consistent with Rest's theoretical model. The effect of ethical cognition on ethical judgment indicates that an individual can only engage in accurate moral judgment after first successfully recognizing the ethical nature of a situation. Therefore, problem recognition acts as a vital input for ethical decision-making. Moreover, the significant effect of ethical judgment on ethical intention shows that the intention for ethical action is formed based on ethical analysis and evaluation. Ethical judgment is the stage where an individual weighs the ethical merits of options before deciding on a course of action. The mediating role of ethical judgment between cognition and ethical intention also demonstrated that ethical cognition alone is insufficient; it can only translate into behavioral intention through conversion into a valid ethical evaluation. These findings confirm and reinforce the three-stage structure of Rest's model and suggest that ethics training should enhance individuals'

capacity for ethical judgment rather than focusing solely on ethical awareness.

An examination of fit indices such as R^2, Q^2, and GOF also showed that the research model possesses high explanatory and predictive power, indicating these factors are capable of explaining a substantial portion of the variance in ethical behavior. This demonstrates that the three factors—intrinsic religiosity, extrinsic religiosity, and peer influence—simultaneously create a robust framework for analyzing the ethical behavior of professionals.

In summary, the scientific analysis of the results demonstrates that ethical behavior is a dynamic, multi-factorial, and context-dependent process arising from the interaction of internal beliefs, external motivations, and social forces. Theoretically, these results contribute to strengthening behavioral ethics models. Practically, they offer strategies for enhancing professional ethics in accounting and financial environments, such as fostering ethics-oriented group environments, training ethical judgment skills, and creating an organizational culture that reinforces ethical behavior and discourages unethical conduct. These findings also indicate that policymaking in the realm of professional ethics should adopt a combined, systems-oriented approach that encompasses both individual and collective factors to be effective.

Given the study's results, which showed that intrinsic and extrinsic religiosity, and particularly peer influence, play a significant and determining role in the formation of ethical cognition, judgment, and intention, it is recommended that professional organizations and institutions in the accounting and finance fields expand ethics enhancement programs beyond the individual level and design them in a networked and group-oriented manner. This means that, instead of relying solely on individual training, organizations should establish ethics-oriented peer groups, ethical mentoring, scenario-based workshops, and professional dialogue circles to make ethical behavior in the workplace a "collective expectation" through group norm-setting.

Furthermore, considering the positive impact of intrinsic religiosity on all stages of ethical decision-making, it is recommended that universities and professional institutions design programs with a "spirituality-oriented" approach, including workshops on ethical reflection, value-based learning, and character development programs, to strengthen intrinsic religiosity and the personal understanding of ethical responsibility.

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Appendices (if any)

Conflict of Interest Statement

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The authors declare that they have no conflict of interest regarding the publication of this manuscript in Religion, Management, and Governance (RMG). All financial, personal, or professional relationships that could be perceived to influence the work reported in this paper have been disclosed, and there are no competing interests.

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