

Identification of Factors Affecting the Auditor Judgment in the Financial and Development Supervisory Agency in North Sumatera

Suroso

Faculty of Economics and Business, Universitas Pembangunan Panca Budi, Medan, Indonesia

Email - suroso_dba@yahoo.co.id

Abstract: *Many factors influence the auditor in making judgment auditor. One of the factors that affect an auditor's decision is the behavior aspect of the individual auditor. The premier research audit agency has demonstrated that some individual level factors have been shown to influence an auditor's decision. This study proves empirically about the pressure of obedience and task complexity to auditor's judgment at Financial and Development Supervisory Agency (BPKP) North Sumatra provincial representative. Judgment auditor is a personal judgment or an auditor's perspective in response to information related to audit responsibilities and risks faced by the auditor, which will affect the making of the auditor's final opinion on the financial statements of an entity. The theory of obedience states that the individual who has power is a source that can influence the behavior of others with the command given. The complexity of the task is an unstructured, confusing and challenging task. The pressure of obedience has a significant effect on the judgment of auditors. Overall independent variables, the pressure of obedience, and task complexity affect the dependent variable that is judgment auditor.*

Key Words: *Pressure of Obedience, Judgement Auditor, Task Complexity*

1. INTRODUCTION:

Several factors influence the making of judgment auditor. One of the factors that affect an auditor's decision is the behavior aspect of the individual auditor. A leading research audit agency has demonstrated that some individual level factors have been shown to affect an auditor's decision. Research related to the behavior of individual auditors has been widely practiced. Jamilah [5] has examined how gender influences, the pressure of obedience, and the complexity of tasks on judgment auditors. By using the sample in the form of the auditor who is in public accounting firm in East Java, from this research obtained the result that gender does not significantly influence the judgment auditor. It is by previous researchers conducted by Zulaikha [15], but these findings contradict the results of research by Chung and Monroe [3]. The result of obedience pressure variable in Jamilah study is also consistent with Hartanto [4] which shows that the pressure of obedience has a significant effect on judgment auditor. Other independent variables, namely task complexity, have no significant effect on auditor's judgment, according to research conducted by Cheng's, but contrary to Chung's research [2][3].

Another study that also used the theme of individual auditor behavior was conducted by Trisnarningsih [20] using auditor independence variable and organizational commitment as the intervening variable that mediates the influence of good governance understanding, leadership style and corporate culture on audit performance. Research conducted by Trisnarningsih is also taking a sample of auditors who work in public accounting firms in East Java as well. The results of the study mentioned a positive influence between organizational commitment to auditor performance. Nevertheless, the results of this study contradict the results of a study from Somers' book [1][2], which states that organizational commitment is not correlated with performance.

Auditor performance and auditor judgment are two variables that have relevance. According to Mulyadi [18] auditor performance is a public accountant who performs an objective examination of the financial statements of a company or other organization to determine whether the financial statements present fairly by generally accepted accounting principles. It includes all material things, financial position and business results of the company. Judgment auditor is a consideration or thought in processing the acquisition of information, the choice to take action, acceptance of further information, which is the behavior of decision selection. Based on this understanding, it can be interpreted also that the performance of auditors and judgment auditors will produce the output of opinion. Good performance will support good auditor judgment also. Thus the variables that affect the performance of auditors will also affect the judgment auditor.

2. THEORIES:

2.1 Definition of Judgment Auditor

Judgment auditor is a personal consideration or an auditor's perspective in response to information relating to audit responsibilities and risks faced by the auditor, which will influence the determination of the auditor's opinion on the financial statements of an entity. The auditor's judgment may be influenced by various factors, one of which is the

individual's behavior factor. Hogart [6][7] defines judgment auditor as a continuous process of obtaining information, a choice to act or inaction, and acceptance of further information by auditors.

Accountants are often confronted with decisions whose outcomes are inconsistent with the code of ethics as well as by generally accepted accounting standards [19][20]. A major consideration in ethical decisions, although often involving multiple conflicts of interest. Judgment auditors professional accountants can be marred by a conflict of interest. According Muawanah in Jamilah [5] there are two conflicts of interest, namely real conflict and potential conflict. The real conflict is a conflict of influence on the problem of consideration, while the latent conflict is a conflict that can affect consideration in the future.

The importance of consideration in the auditing process has been accepted as being inherent almost at every stage of auditing. Examples of the use of considerations in audit decision making are related to the determination of materiality, the assessment of the internal control system, the determination of the level of risk, the determination of the audit strategy used, the determination of audit procedures implemented, evaluation of evidence obtained, the company's going concern assessment, and arrive at the opinion to be provided by the auditor [17]. The American Institute of Certified Public Accountants (AICPA) states (AICPA, 1955, in Peace, 2007) that judgment is a significant factor in all stages of auditing, but in many situations, it is unlikely to be practical to set standards on how the auditor applies considerations.

2.2 Pressure of Obedience

Obedience Theory states that the individual who has power is a source that can influence the behavior of others with the command given. This paradigm of obedience to power was developed by Milgram [5], in theory, it is said that a subordinate under pressure from a superior will experience a psychological change from someone who behaves automatically to agent behavior. This change of behavior occurs because the subordinate feels to be the agent of the source of power, and he is detached from the responsibility of being an agent of the source of power, and himself irrespective of the responsibility for what he does. The findings of De Zoordt and Lord in Hartanto [4] see the influence of superior pressure on the consequences that cost. It identifies the influence of superior pressure on the judgments the auditor takes. Ashton in Jamilah [5], has tried to see the effect of pressure from superiors on auditor performance regarding time budget, deadlines, accountability, and justification. Pressure Obedience can also occur with the condition of the number of jobs to be completed by BPKP [8][9][21].

2.3 The complexity of the task

The complexity of the task is an unstructured, confusing and challenging task [18]. Accountants are always confronted with complex tasks, varying and intertwined with each other. Some audit tasks are considered a task with high complexity and difficulty, while others perceive it as an easy task. The definition of task complexity in this study is defined as a complex task, consisting of different parts and interrelated with each other [10][11][12]. In performing its complex tasks, the junior auditor as a member of an audit team requires skill, ability and a high level of patience.

There are two aspects of the compilation of task complexity, namely the difficulty level of task and task structure. The difficulty of the task is always related to the amount of information about the task, while the structure is related to information clarity. According to Bonner [5] information processing process consists of three stages, such as: input, process, output [13][14]. In the input and process stages, task complexity increases with increasing number of hints. There is a difference between the number of cues available and the number of processed cues. The number of clues that exist, a decision maker must try to sort through those clues and then integrate them into an opinion. Decisions can be given immediately if many observed clues do not leave the limits of the ability of a decision maker [16].

3. METHODOLOGY:

This section describe the method used in the research process. The following table describes the Operational Definition of Variables used during the research.

Table 1. Operational Definition of Variables

Variable	Indicator	Definition	Scale
<i>Judgment Auditor</i> (Y)	<ul style="list-style-type: none"> • Trying to prevent accountants from taking test samples • Allow accountants to record test samples • Against superiors and prevent accountants from taking test samples • Following the boss and allowing the accountant to continue taking the test sample 	A personal judgment or an auditor's perspective in response to information relates to audit responsibilities and risks to be faced by the auditor, which will affect the making of the auditor's	Likert

	<ul style="list-style-type: none"> Protect reputation and submit material misstatements in audited reports Keep submitting material misstatement in the audited report 	final opinion on the financial statements of an entity.	
Pressure of Obedience (X1)	<ul style="list-style-type: none"> Oppose the desire for having professional work Keep the client's wishes albeit against the professional standards of the auditor Do not want to have problems with the boss because he did not obey his wishes Being obedient to boss despite being against professional standards Opposing a boss and getting out of work if anything contrary to professional standards Against superiors for having upheld professionalism 	The pressure received by auditors in dealing with superiors and clients to take action deviates from ethical standards.	Likert
The complexity of the task (X2)	<ul style="list-style-type: none"> Know the task clearly It is not clear why we should do every task Can make sure the task has been completed Very unclear on tasks related to business functions Can ensure specific tasks to be completed It is not clear how to complete each task 	Unstructured, confusing and difficult tasks that are interconnected with one another.	Likert

4. RESULT AND DISCUSSION:

A total of 70 questionnaires were distributed to respondents in BPKP North Sumatera on May 5, 2016 - May 10, 2016, in which the returned and processed questionnaires were 70 copies although the questionnaire returned and can be processed by less than 70 copies.

4.1 Data Quality Test

Test the quality of data is done by looking at the validity and reliability of an instrument. The validity test is used to illustrate the answer to whether the question item has measured what will be measured. Item question will be declared valid if score r arithmetic $\geq r$ table; r table = 0,279 (Sugiyono, 2005) while the reliability test is used to show how far a measuring device can be trusted or reliable. The question item will be declared reliable if it has Cronbach's Alpha value above 0.6. The validity and reliability test results are seen by using SPSS V.23 program by looking at the value of Corrected Item-Total Correlation is presented in the following table.

Table 2. Data Quality Test of Variable Pressure of Obedience

Variable	Cronbach's Alpha	Item	r cal	r critical	Status
Pressure of Obedience	0.682	P ₁	0.406	0.279	valid
		P ₂	0.563	0.279	valid
		P ₃	0.512	0.279	valid
		P ₄	0.407	0.279	valid

Based on the result of data processing above, it is obtained that all items of obedience pressure variable are valid and reliable because they have $r > 0,279$ and alpha value $> 0,60$. Data quality for obedience pressure variable can be seen in the following table.

Table 3. Data Quality Test of Task Variable Complexity

Variable	Cronbach's Alpha	Item	r cal	r critical	Status
Task Complexity	0.780	P ₁	0.372	0.279	Valid
		P ₂	0.598	0.279	Valid
		P ₃	0.789	0.279	Valid
		P ₄	0.648	0.279	Valid
		P ₅	0.415	0.279	Valid

Based on the result of data processing above, it is obtained that all items of obedience pressure variable are valid and reliable because they have $r > 0,279$ and alpha value $> 0,60$. Next will be done data quality testing for Judgment Auditor variables. The following table describes the test results of data quality.

Table 4. Data Quality Test Variable Judgment Auditor

Variable	Cronbach's Alpha	Item	r cal	r critical	Status
Judgment Auditor	0.849	P ₁	0.735	0.279	valid
		P ₂	0.717	0.279	valid
		P ₃	0.547	0.279	valid
		P ₄	0.594	0.279	valid
		P ₅	0.739	0.279	valid

Based on the above data processing results obtained that all items judgment auditor variable can be declared valid and reliable because it has a value of $r > 0.279$ and alpha value > 0.60 .

4.2 Normality test

The normality of data distribution in addition to being one of the classic assumption tests to be tested in the regression analysis is also an essential requirement for determining the test equipment to be used to answer the hypothesis. For that, then in this study, the normality test is done by looking at the diagonal image line spreading close to the diagonal line. Then it can be stated that the data is normally distributed.

Normal P-P Plot of Regression Standardized Residual

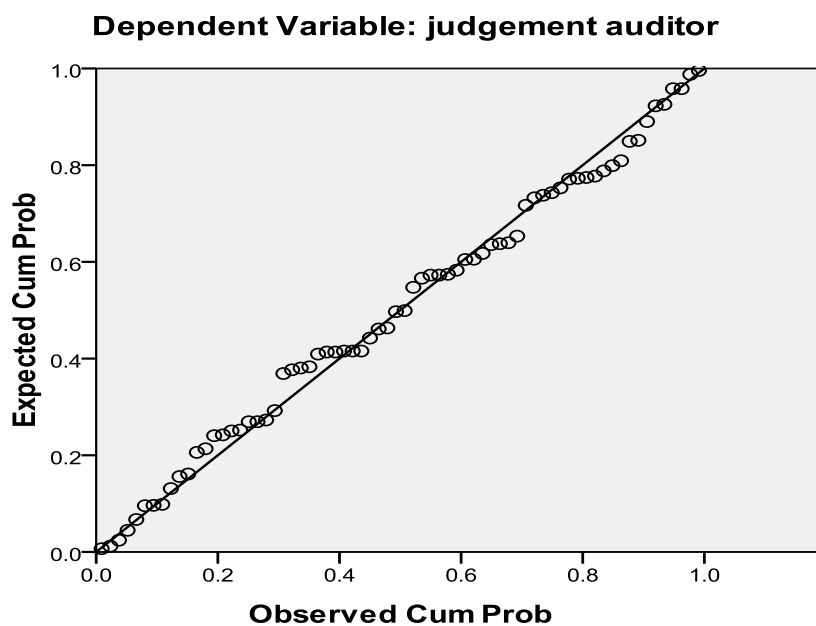


Figure 1. Normality test result

4.3 Multicollinearity Test

The multicollinearity test is performed to test whether there is a correlation between the independent variables. Multicollinearity was tested by looking at tolerance values and Variance Inflation Factor (VIF).

Table 5. Multicollinearity test result

Free Variable	Collinearity Statistic	
	Tolerance	VIF
Pressure of Obedience	0.987	1.013
Task Complexity	0.987	1.013

In the result of data processing done by SPSS V.23 program shows that the tolerance value of all variables is bigger than 0,1 ($> 0,1$) and VIF value is smaller 10. The result of this calculation shows that there is no multicollinearity problem between the variables independent variable.

4.4 Heteroscedasticity Test

The result of heteroscedasticity test done through scatterplot test can be seen in the following figure:

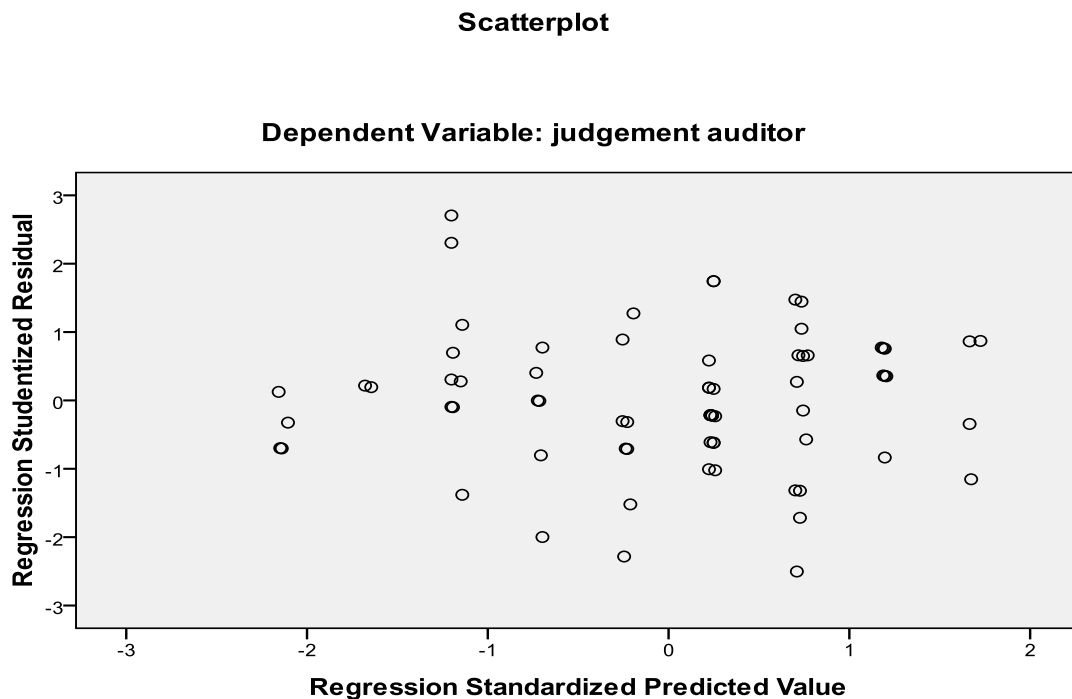


Figure 2. Heteroscedasticity test result

4.5 Hypothesis testing

Hypothesis testing is intended to determine the effect of the pressure of obedience, and the complexity of duties as an independent variable to judgment auditor as a dependent variable. Hypothesis test results can be seen in the following table.

Table 6. Hypothesis testing result

Variable	Coefficient Beta	Standard Error	t-value	VIF	Status
(Constant)	8.558	3.646	2.347		
Pressure of Obedience	0,770	0,148	5,209	1,013	S
Task Complexity	-0,14	0,138	-1,00	1,013	S
R square =	2,90	F =	13,684	n =	70
Adj R square =	2,69	P =	0,000		

The result of the hypothesis test shows that the value of F test is significant at $\alpha = 0.05$ ($p = 0,000$; $p < 0.05$), which means that the regression equation produced, ie $Y = 8.559 + 0.770X_1 - 0.14X_2$ can be used to predict variable judgment auditor. The regression coefficient of the pressure variable of 0.770 indicates that each increase of 1 at the pressure of obedience. It will be adjusted to the value added to auditor's judgment variable of 0.770. Figures -0.14 on the regression coefficient of task complexity variables indicate the magnitude of the number that will increase in the variable judgment auditor every increase of 1. Next number 1.580 on the regression coefficient of task complexity variables show the number of figures that will increase in the variable judgment auditor every increase one on the complex of the task. Value Adj. R Square of 26.9% means that 26.9% can explain judgment auditor who is dependent variable by the independent variable that is the pressure of obedience, and task complexity while the rest is 0.02%, explained by another variable. The results of the above analysis show that the pressure of adherence (X1) and task complexity (X2) is not significant at $\alpha = 0.05$, where $p = 0.920$ for X2.

Simultaneously, the two independent variables (pressure of obedience, and task complexity) influence the judgment of the auditor. It can be seen from the above table with a significance value of 0.000 which means small from 0.05. It shows the hypothesis in this study is acceptable.

5. CONCLUSION:

From the results of this study can be concluded that the pressure of obedience has a significant effect on judgment auditors by previously studied Jamilah. The complexity of duties has no significant effect on judgment auditor. Overall independent variables are the pressure of obedience, and the complex of duties affect the dependent variable that is judgment auditor. Subsequent research should add or replace research variables that may affect judgment auditors such as auditor independence variables and so on. North Sumatera BPKP is expected to continue to improve its ability to reward employees to BPKP Sumut can prioritize independence and honesty.

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