

# The Effect of the Auditor's Personal Characteristic on Audit Dysfunctional Behavior

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**Abstract:** *This study aims to examine the direct effect of auditor personal characteristics, namely employee performance and turnover intention on audit dysfunctional behavior, test the influence of external locus of control in mediating employee performance on audit dysfunctional behavior, and examine the effect of organizational commitment in mediating turnover intention towards audit dysfunctional behavior. This study used a quantitative approach. The research was conducted at the Office of the Financial Supervisory and Development of the Indonesian Republic (BPKP-RI). The object under study is the auditor who worked at the BPKP-RI Office. Data obtained through surveys with instruments, namely questionnaires with a sample of 70 respondents. The method of taking samples used purposive sampling. Data were analysed using the Partial Least Square (PLS) method. The results of the study show that the effect of auditor's personal characteristics can directly influence audit dysfunctional behavior. In this case, the employee's performance has a non effect on audit dysfunctional behavior, external locus of control has a significant positive effect, turnover intention has a significant positive influence on audit dysfunctional behavior, and organizational commitment has a significant negative effect on audit dysfunctional behavior. External locus of control does not mediate the high relationship of auditors influencing employee performance on audit dysfunctional behavior. External locus of control possessed by auditors does not improve audit dysfunctional behavior. The same thing was also found in organizational commitment not mediating the auditor's relationship affecting turnover intention on audit dysfunctional behavior. Auditors' organizational commitment was found not to reduce the occurrence of audit dysfunctional behavior. The results of this study can be used as one of the management oversight mechanisms and the implementation of the BPKP RI HR development program regarding the problem of examiner behavior deviation so that inspectors can always work in accordance with the basic values of the Republic of Indonesia BPKP namely independence, integrity and professionalism.*

**Keywords:** audit dysfunctional behavior, employee performance, external locus of control, turnover intention, organizational commitment, Partial Least Square

## 1. Introduction

Audit dysfunctional behavior according to Febrina (2012) is a response from individuals to an environment, regulation or control system. Control systems that are too excessive will result in anxiety from the auditor and can lead to deviant audit behavior or behavior that is not in accordance with established audit procedures. The attitude of the auditor who accepts dysfunctional audit behavior indicates the realization or implementation of the attitude.

Audit dysfunctional behavior carried out by auditors is usually in the form of data manipulation or evidence, fraud, and deviations from applicable audit standards. Such behavior can result in a decrease in audit quality, both directly and indirectly. According to Wahyudin et al., (2011) Behaviors that have direct influence include premature sign off (stop auditing procedures early) and altering or replacing audit procedures (changing or changing audit procedures) that cause a lack of evidence obtained (gathering insufficient evidence), inaccurate processing, and errors from the audit stages. While behavior that has an indirect influence on audit quality is underreporting of time or reporting not according to the time budget.

The audit dysfunctional behavior will have a negative impact on the results of audits conducted by auditors so that it is feared that audit quality will decline. The decline in audit quality will have an impact on dissatisfaction with audit service users with regard to the validity and confidence in the correctness of the information contained in audited

financial statements. This will cause erosion of the level of public trust in the audit profession which in turn can turn off the profession it self so that the frequency must be suppressed by Harini et al. (2010). Therefore, research on dysfunctional audit behavior needs to be done so that the causes of this behavior can be known with certainty and based on clear and accurate evidence so that the right steps can be arranged to anticipate it.

Given how dangerous the consequences that can be caused by dysfunctional behavior carried out by auditors, it will be very necessary to study the factors that can affect the level of acceptance of audit dysfunctional behavior, so that actions can be taken to maintain public trust in the audit profession and professional progress. Personal characteristics factors that influence the acceptance of dysfunctional audit behaviors, including locus of control, organizational commitment (Donnelly et al., 2003 and Lestari 2016), employee performance (Harini et al., 2010), and Turnover intention (Maryanti, 2005 ; Donnelly et al., 2003; Husna lina febriana, 2012).

The personal characteristics of auditors that influence the acceptance of dysfunctional behavior include locus of control (Donnelly et al., 2003). Previous research studies have shown a strong and positive relationship between external locus of control and a desire or intention to use fraud or manipulation to obtain personnel goals.

Performance is work performance, which is a comparison between work results and set standards (Dessler, 2000: 41). Performance is the result of work in quality and quantity that

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an employee achieves in carrying out his duties in accordance with the responsibilities given to him. Individuals who perform a performance below the expectations of their superiors will tend to be involved in doing dysfunctional behavior because they do not see themselves able to achieve the goals needed to survive in a company through their own efforts, so dysfunctional behavior is deemed necessary in this situation (Donnelly et al., 2003 )

Turnover Intention means the awareness and intentions to leave the organization (Setiawan and Ghozali, 2006). In this case, there is a desire from the auditor to move the Office. Malone and Robert (1996) in Maryanti (2005) state that auditors with the desire to leave the company can be considered to show more dysfunctional behavior because of reduced fear of the possibility of being dismissed if the behavior is detected.

Organizational commitment is the level to what extent an employee sits with a particular organization and its goals, and intends to maintain its membership in the organization (Lubis, 2014). Auditors who have a commitment to their organization will show a good attitude and leadership style towards their institutions, auditors will have the soul to continue to defend their organizations, try to improve their achievements and have certain beliefs to help realize organizational goals (Arifah, 2012).

This research is important because of the increasing demands of users of financial statements on the professionalism of auditors to obtain quality audit reports. In addition, this research is also important for public accounting firms to emphasize all auditors to work professionally by giving high priority in performance evaluations, compensation, promotions and decisions to retain employees. In addition, this research was conducted at the Office of the Financial and Development Supervisory Agency (BPKP) of Palu City, Central Sulawesi Province. The reason the researchers chose Palu City in conducting research was because Palu City as the Capital of the Province was considered to be able to represent the auditor's performance in the region of Central Sulawesi and the rapid development that occurred in the Province in recent years.

This study aims to examine the direct effect of auditor personal characteristics, namely employee performance and turnover intention on audit dysfunctional behavior, test the influence of external locus of control in mediating employee performance on audit dysfunctional behavior, and examine the effect of organizational commitment in mediating turnover intention towards audit dysfunctional behavior in the Agency Financial and Development Supervisor of Palu City, Central Sulawesi

## 2. Data and Methodology

### Location and Design Of Research

This research was conducted at the Financial Supervisory Agency and the construction of the Palu city in Central Sulawesi. This study uses a quantitative approach. This is used to study and analyze the influence of variables by looking at the level of significance (Ghozali, 2006). Thus,

testing the hypothesis in this study will analyze the direct effect and indirect influence of employee performance, external locus of control, turnover intention, organizational commitment to audit dysfunctional behavior, each variable is defined and measured based on its proxies. Primary data in this study is data that is directly obtained by researchers from respondents through question and answer in the interview process and answers to questionnaire questions (Sugiono, 2001)

### Population and Samples

The population in this study is all auditors within the scope of the Financial and Development Supervisory Agency (BPKP) of Palu City, Central Sulawesi. Determination of the sample using purposive random sampling technique or sampling technique based on consideration (Pamungkas Dewi, 2000). Based on the technique of determining the sample, the number of samples was 70 people taken from the auditor at various levels of position.

### Data Collection Method

The data used is secondary data. Secondary data studied are panel data is a combination of time series data and time section. The method used in collecting research data by means of library data collection, questionnaire distribution and documentation. Independent variables consist of employee performance, external locus of control, turnover intention and organizational commitment. Dependent variable is dysfunctional audit behavior. While the intervening variable is external locus of control and organizational commitment.

### Method of Analysis

The test conducted in the research is structural test or inner model and measurement test or outer model. This is done so that the results obtained meet the requirements for use in parametric statistics. After that, testing the hypothesis with a 5% significance level using the Structural Equation Modeling (SEM) model with the Partial Least Square (PLS) approach. The purpose of PLS is to help researchers predict the influence of independent variables on the dependent variable, as well as indicators and constructs.

### Research Variable

- 1) Audit dysfunctional behavior is any action taken by the auditor in the implementation of an audit program that can reduce or reduce audit quality directly or indirectly (Kelley and Margheim, 1990; Otley and Pierce, 1996a).
- 2) Rotter (1996) states that locus of control is an act where the individual connects events in his life with actions or forces outside his control.
- 3) Rotter distinguishes locus of control orientation into two, namely: internal locus of control and external locus of control. Individuals with internal locus of control tend to assume that skills, abilities, and effort more determine what they get in their lives, those who feel responsibility for certain events. While individuals with external locus of control assume that their lives are mainly determined by the strengths from outside themselves, such as fate, destiny, luck, and other people in power.
- 4) performance is a person's behavior in order to achieve organizational goals. auditor performance is the result of

work the auditor in carrying out his duties in accordance with the responsibilities of the auditor. Performance (work performance) can be measured through certain measurements (standard), where quality is related to the quality of work produced.

- 5) Turnover Intention means the awareness and intentions to leave the organization (Setiawan and Ghozali, 2006). In this case, there is a desire from the auditor to move the Office.
- 6) Organizational commitment is the level to what extent an employee sits with a particular organization and its goals, and intends to maintain its membership in the organization (Lubis, 2014).

### 3. Results

#### Outer Model or Measurement Model

The value of the outer model or correlation between constructs in this study has met convergence validity because the indicator already has a value of loading factors above 0.60. The modification model in this study shows that all loading factors have values above 0.60, so that the constructs for all variables are nonexistent eliminated from the model.

#### Discriminant Validity

The value of loading factors for each indicator of each latent variable has the highest loading factor value compared to the loading value if it is associated with other latent variables. This means that every latent variable already has good discriminant validity where several latent variables have a measure that correlates highly with other constructs.

#### Reliability and Average Variance Extracted (AVE)

Based on the above table it can be concluded that all constructs meet reliable criteria. This is indicated by composite reliability values above 0.70 and AVE above 0.50 as recommended criteria.

#### Structural Model (Inner Model)

The table above shows the R-square value for the external locus of control variable (LC) obtained at 0.060, for the organizational commitment variable (KO) obtained at 0.387 and for the dysfunctional audit behavior variable (DA) obtained at 0.985. These results indicate that 6% of external locus of control variables can be influenced by employee performance, 38.7% of organizational commitment variables are influenced by turnover intention variables and 98.5% of dysfunctional audit variables are influenced by organizational commitment, locus of control, turnover intention, and performance employee.

#### Total Effect Path Coefficient Structural Model Testing

	Original sample (O)	Sample Mean (M)	Standart deviation (STDEV)	T-statistics (IO/STDEV)
KP -> DA	-0.156	-0.145	0.128	1.216
KP*LC-> DA	-0.039	-0.044	0.057	0.683
LC -> DA	0.313	0.320	0.115	2.629
TI -> DA	0.420	0.421	0.122	3.439
KO -> DA	-0.292	0.293	0.130	2.240
TI*KO -> DA	0.068	0.075	0.048	1.421

### 4. Discussion

- Based on the results of testing the first hypothesis it was found that the relationship between employee performance and audit dysfunctional behavior was not significant with the value T-statistics 1,216 < 1,64. The original sample estimate value is negative, namely -0.156 which shows that the direction of the relationship between employee performance and audit dysfunctional behavior is negative. Thus the first hypothesis which states that employee performance negatively affects the dysfunctional audit is rejected. This means that employee performance does not have a significant effect on audit dysfunctional behavior. This means that the level of auditor performance at the Palu City BPKP office has no effect on the occurrence of audit dysfunctional behavior. This research is also in line with the research of Wahyudin et al. (2011) and successful research (2017). This shows that the performance of employees does not have an important role to reduce the behavior of auditor irregularities in the RI BPKP Representative of Central Sulawesi Province.
- the results of this study state that external locus of control proves positive and significant towards audit dysfunctional behavior. Thus it can be shown the compilation of auditors who use an external control locus that supports higher workers, he will need to be anxious and need to take any action to reduce the mismatch of the condition, such as a dysfunctional audit audit. in the theory of external motivation locus of control it is categorized as X which is more likely to most likely carry out deviations. meaning this theory has more encouragement from outside itself. The results of this study support Fatimah (2012) and Lucky (2012) who found that external locus of control had a positive and significant effect on audit dysfunctional behavior. This means that the external locus of control variable increases audit dysfunction behavior for auditors working at the BPKP in Palu, Central Sulawesi Province.
- The results of this study state that organizational commitment has a negative effect on audit dysfunctional behavior. This research is in accordance with motivation theory X and Y. Employees who have a high commitment to the organization will be of type Y because they tend to maintain the good name of their institution, by adhering to the procedures and codes of ethics that apply, and avoiding dysfunctional audit behavior. the research conducted by Ramadhani (2014) and Lina (2011) states that the higher a person's commitment to his organization, the lower the possibility of committing audit deviations. This shows that organizational commitment has an important role in minimizing the emergence of auditors' irregularities in the BPKP RI in the city of Palu, Central Sulawesi Province.
- The results of this study state that turnover intention has a positive and significant effect on audit dysfunctional behavior. The results of this study indicate that intention turnover rates are at a moderate to high level. In addition, the results of this study are supported by respondents' demographic data showing 39 respondents (55.72 %) who work less than 10 years. This means that the auditor still has a low ability to carry out audit duties that are charged because there is still a lack of work experience. Another reason, in accordance with motivation theory X and Y

which states that motivation is the impulses of individuals to act which causes the person to behave in a certain way that leads to the goal. The results of the study indicate compatibility with the research conducted by Donnelly et al., (2003 ) Irawati (2005) and Basudewa (2015) prove that turnover intention has a positive and significant influence on deviant behavior in the audit. So it can be concluded that when an auditor no longer pays attention to promotion and current career advancement, there is a possibility that the auditor will do work without adequate performance because the level of commitment to the organization has decreased.

- Based on the significance test that the escort performance coefficient value of audit dysfunctional behavior through external locus of control is not significant and smaller than the direct effect of employee performance on audit dysfunctional behavior. This means that external locus of control cannot mediate the relationship between employee performance against audit dysfunctional behavior. The results of the study are in line with the research conducted by Wijayanti (2007) which states that auditors with a tendency toward external locus of control have low performance, but the level of BPKP auditor performance is not a factor of an auditor performing audit dysfunctional behavior. As explained in attribution theory, the results of this study show that a person's personal characteristics become a cause in his actions. Attribution theory gives us further explanation about this, the high and low performance of an employee is influenced either through internal attribution or external attribution, which also directly related to the locus of control that is in him.
- Based on the significance test that the value of the moderating turnover intention path coefficient on audit dysfunctional behavior through organizational commitment is negative and smaller than the direct effect of turnover intention on dysfunctional audit. This means that organizational commitment cannot mediate the relationship of turnover intention towards audit dysfunctional behavior. This indicates that organizational commitment does not really matter in the desire of someone to turnover intention at the city BPKP office in Central Sulawesi because organizational commitment does not have a greater influence on the relationship of turnover intention with audit dysfunctional behavior. The results of this study support the research conducted by Darusman (2014). Which states that organizational commitment does not mediate the effect of turnover intention on audit dysfunctional behavior because allegedly basically turnover intention is a process whereby someone needs a better job than he is currently living, it is possible for a situation to motivate him to leave the organization immediately he works now. In line with attribution theory, a person's commitment to the organization in which he works can be influenced both by internal strength in himself and by external forces that appear to influence his attachment to the organization.

## 5. Conclusions and Recommendations

Employee performance does not affect audit dysfunctional behavior. This means that employee performance does not give effect to the occurrence of dysfunctional audit behavior. Performance cannot predict the occurrence of audit

dysfunctional behavior. External locus of control has a positive effect on audit dysfunctional behavior. This means that with increasing external locus of control, the greater the chance of dysfunctional audit behavior. Organizational commitment has a negative effect on audit dysfunctional behavior. This proves that auditors who have high organizational commitment will reduce the chance of dysfunctional audit behavior. An auditor who has committed will certainly strive to achieve organizational goals, so that the auditor will not think of taking actions that could harm his organization. Turnover Intention has a positive effect on audit dysfunctional behavior. This study shows that the higher the auditor's intention to quit or leave his place of work, the higher the dysfunctional audit behavior can occur, this is due to the low fear of being dismissed or fired from where he works. Employee performance influences audit dysfunctional behavior through external locus of control. The results of this study external locus of control cannot mediate employee performance against audit dysfunctional behavior. This means that external locus of control does not have an effect on increasing or decreasing employee performance which has an impact on audit dysfunctional behavior. Turnover intention influences audit dysfunctional behavior through organizational commitment. Organizational commitment cannot mediate turnover intention towards audit dysfunctional behavior. This means that increasing organizational commitment may not necessarily increase or decrease turnover intention towards audit dysfunctional behavior.

This study provides practical implications for the Central Sulawesi BPKP office in order to improve the experience, ethics of the auditor, compliance pressure and the complexity of the duties of the auditor so that audit dysfunctional behavior does not occur so that the objectives of the organization where the task can be achieved. Furthermore, for independent auditors the results of this study indicate the importance of maintaining ethics in order to improve performance and commitment in carrying out tasks increasingly.

Limitations in this study are due to the use of questionnaire instruments that have not been able to describe the conditions that occur in the object of the overall research. Thus, this study has not represented the perceptions of the auditors of the Republic of Indonesia BPKP Central Sulawesi Province evenly in each region of the entity, but only represents the auditor's perception in generalization as a work unit. The results of this study cannot be generalized to all BPKP auditors in Indonesia because the scope of this study only focuses on RI BPKP auditors Representative of Central Sulawesi Province. Some suggestions are related to direct observation of research objects to avoid bias responses due to the use of questionnaires. The addition of samples and the study population will be able to maximize representation of the auditor's overall perception. Addition of several other variables used that can predict the occurrence of audit dysfunctional behaviors such as time pressure, client pressure, and audit costs.

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