

The Influence Of External Locus Of Control, Professional Commitment, Complexity Of Tasks On Moral Reasoning And Dysfunctional Audit Behavior (Case Study Of Auditors In The Public Accounting Office Of Surabaya City)

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Abstract

This research was conducted with the aim of finding out whether moral reasoning as mediation can influence dysfunctional audit behavior. The research was conducted at a Public Accounting Firm in the City of Surabaya, with a sample of 60 auditors. Hypothesis testing in research uses the SmartPLS 3.0 application with outer model and inner model testing. The research results show that moral reasoning has a significant effect on dysfunctional audit behavior. This shows that with moral reasoning, auditors must be careful in taking action and making decisions to prevent dysfunctional audit behavior. Dysfunctional audit behavior can occur due to fraud or behavior that deviates from audit standards carried out by an auditor in carrying out audit tasks.

Keywords: Dysfunctional Audit Behavior, Moral Reasoning, External Locus of Control, Professional Commitment, Task Complexity

INTRODUCTION

Public Accountants must behave professionally in carrying out their duties to maintain the trust of the public, especially service users. This professional behavior is to avoid deviant behavior by public accountants in carrying out their duties. Dysfunctional



audit behavior is deviant behavior in the form of fraud or manipulation carried out by public accountants.

The phenomenon related to dysfunctional audit behavior is the PT Garuda Indonesia case in 2018 involving Public Accountant Kasner Sirumapea and KAP Tanubrata, Sutanto, Fahmi, Bambang, and Rekan. Regarding the problem of financial reports that do not comply with accounting standards. In this case, the Public Accountant was stated to have not complied with Audit Standards (SA), SA 315, SA 500, and SA 560. An example of dysfunctional behavior that occurred in the case of PT Garuda Indonesia was behavior that had a significant influence on the audit report opinion. The sanctions given are that the Public Accountant is given a sanction in the form of a License Suspension for 12 months, and the KAP receives a sanction to make improvements to the KAP's quality control system.

This case shows that the importance of professional behavior demonstrated by Public Accountants is very important to avoid deviant behavior in audits. Therefore, the author is interested in seeing the relationship between external locus of control, professional commitment, task complexity on moral reasoning and dysfunctional audit behavior (Case Study of Auditors at the Surabaya City Public Accounting Firm).

THEORETICAL BASIS

Dysfunctional Audit Behavior

Dysfunctional audit behavior is auditor behavior in the audit process that is not in accordance with established audit standards or deviates (Lina and Basuki, 2011). Dysfunctional audit behavior will have an impact on decreasing public trust regarding audit reports produced by public accountants.

Moral Reasoning

Moral reasoning is the attitude held by an individual in making an ethical decision, or describes a process in forming behavior through individual moral judgment (Neneng et al, 2021)

External Locus Of Control

According to (Robbins, 2006) defining external locus of control is a condition where individuals believe that what happens to them is controlled by external forces such as good luck and opportunity.



Professional Commitment

Professional commitment is a loyal attitude that individuals have towards the company where they work by trying to work as best as possible to achieve company goals (Pura, 2021).

Task Complexity

Audit complexity is based on an individual's perception of the difficulty of an audit task. Some auditors perceive audit tasks as tasks with high complexity and difficulty, but there are auditors who know clearly what tasks must be carried out, can complete the work well and understand how to carry out these complex tasks. (Hendy Widiastoeti, 2018)

Conceptual Framework

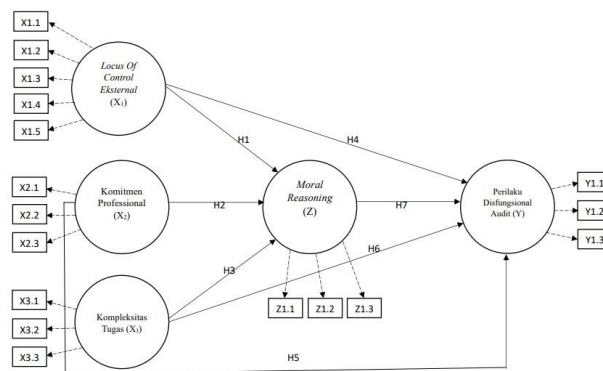


Figure 1 Conceptual Framwork

The hypothesis in this research is as follows:

- H1: External Locus of Control has a significant effect on Moral Reasoning
- H2: Professional Commitment has a significant effect on Moral Reasoning
- H3: Task complexity has a significant effect on Moral Reasoning
- H4: External Locus of Control has a significant effect on Dysfunctional Audit Behavior
- H5: Professional Commitment has a significant effect on Dysfunctional Audit Behavior
- H6: Task Complexity has a significant effect on Dysfunctional Audit Behavior
- H7: Moral Reasoning has a significant effect on Dysfunctional Audit Behavior

RESEARCH METHODS

This research is a type of quantitative research and is a primary data source. Primary data was obtained from distributing questionnaires distributed to respondents. Data collection was obtained from surveys and previous research with a sampling process of 60 respondents, namely the population of auditors who work at the Surabaya City Public Accounting Office (KAP) as well as questionnaires which were the data collection tool and basis for drawing conclusions. The research was carried out in November 2023. The data analysis method used was the descriptive method, by collecting factual data and then describing it. After collecting data and recording data, data reduction, data presentation and verification are carried out. Hypothesis testing and data analysis techniques use the Smart PLS 3.0 application, with tests carried out namely outer model and inner model tests.

DISCUSSION

The total number of questionnaires that can be processed is 60 questionnaires. The following is data from the Public Accounting Firms that participated in this research and data on the characteristics of respondents.

Table 1 Public Accounting Firm Data

No	Name of Public Accounting Firm (KAP)	Respondent
1	KAP Gideon Adi dan Rekan Cabang Surabaya	5
2	KAP Buntaran & Lisawati	5
3	KAP Erfan & Rakhmawan	3
4	KAP Agus, Indra, Jeri & Rekan	3
5	KAP Drs. Basri Hardjosumarto, M.Si., Ak & Rekan	7
6	KAP Heliantono & Rekan	5
7	KAP Hendrawinata Hanny Erwin & Sumargo	5
8	KAP Habib Basuni & Rekan	4
9	KAP Budiman, Wawan, Pamudji & Rekan	5
10	KAP Djoko Sidik dan Indra Cabang Surabaya	3
11	KAP Bambang, Sutjipto Ngumar dan Rekan Cabang Surabaya	5
12	KAP Drs. Arief HP dan Rekan	2

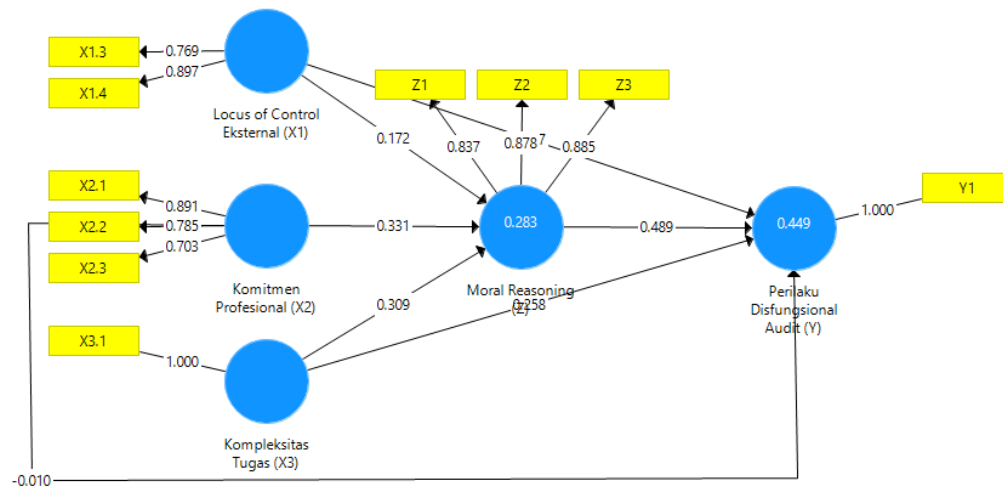


13	KAP Setijawati	5
14	KAP Soebandi & Rekan	3
TOTAL		60

Table 2 Respondent Characteristics

No	Characteristics	Amount	Percentage
Gender:			
1	Ma	31	52%
2	Woman	29	48%
Education:			
1	D3	8	13%
2	S1	45	75%
3	S2	6	10%
4	S3	1	2%
Job Title:			
1	Junior Auditor	31	52%
2	Senior Auditor	25	42%
3	Manager	3	5%
4	Partners	1	2%
Length of work:			
1	1-3 Years	27	45%
2	> 3 Years	9	15%
3	> 5 Years	15	25%
4	> 10 Years	9	15%



Test Outer Model

Based on the results of the outer model after elimination, it can be concluded that the remaining indicators after elimination with an indicator value > 0.7 are as follows: External locus of control remaining 2 indicators, namely X1.3 with a value of 0.769 and X1.4 with a value of 0.897. Professional Commitment for all indicators above > 0.7 . The remaining task complexity is 1 indicator, namely X3.1 with a value of 1. Moral reasoning for all indicators is > 0.7 . There is 1 remaining indicator for dysfunctional audit behavior, namely Y1 with a value of 1.

Convergent Validity Test

To be able to see the Convergent Validity test, use the outer loading or loading factor value. An indicator is declared to meet Convergent Validity in the good category if the outer loading value is > 0.7 .

Table 3 Outer Loading

	Professional Commitment (X2)	Task Complexity (X3)	External Locus of Control (X1)	Moral Reasoning (Z)	Dysfunctional Audit Behavior (Y)
X1.3			0.769		

X1.4			0.897		
X2.1	0.891				
X2.2	0.785				
X2.3	0.703				
X3.1		1,000			
Y1					1,000
Z1				0.837	
Z2				0.878	
Z3				0.885	

Discriminant Validity Test

Discriminant Validity by looking at the average variant extracted (AVE) value with each indicator value > 0.5 to get a good model.

Table 4 Average Variant Extracted (AVE)

	Average Variance Extracted (AVE)
Professional Commitment (X2)	0.635
Task Complexity (X3)	1,000
External Locus of Control (X1)	0.698
Moral Reasoning (Z)	0.752
Dysfunctional Audit Behavior (Y)	1,000

Composite Reliability Test

It is said to meet composite reliability if the composite reliability value is > 0.6. This research shows that each variable meets composite reliability and it is concluded that all variables have a high level of reliability.

Table 5 Composite Reliability

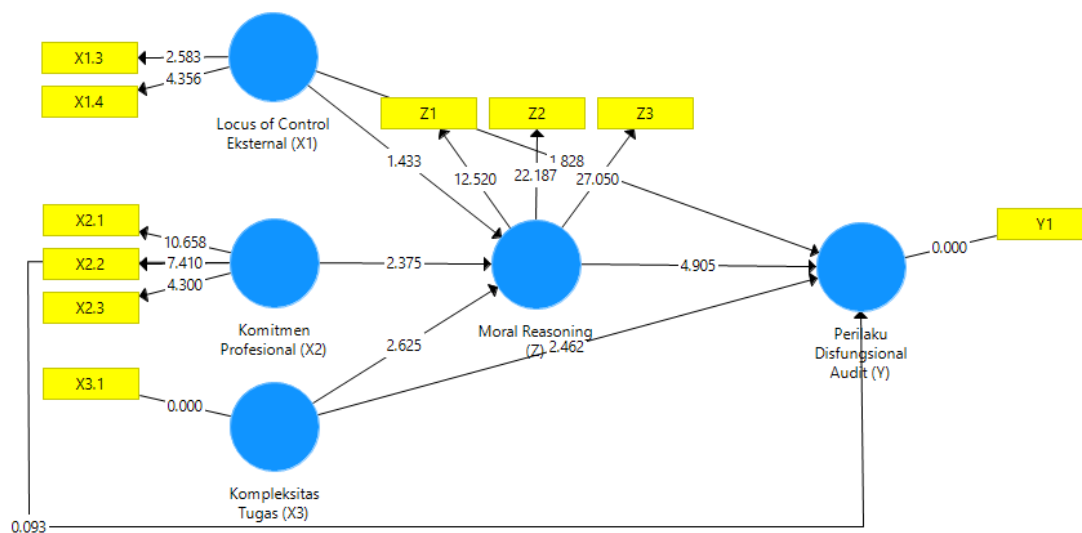
	Composite Reliability
Professional Commitment (X2)	0.838
Task Complexity (X3)	1,000
External Locus of Control (X1)	0.821
Moral Reasoning (Z)	0.901



Dysfunctional Audit Behavior (Y)	1,000
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Table 6 Cronbach's Alpha

	Cronbach's Alpha
Professional Commitment (X2)	0.733
Task Complexity (X3)	1,000
External Locus of Control (X1)	0.578
Moral Reasoning (Z)	0.835
Dysfunctional Audit Behavior (Y)	1,000

Test the Inner Model**Figure 3 Inner Model****Path Coefficient Test**

The largest path coefficient value is shown by the influence of moral reasoning on dysfunctional audit behavior of 4.905, then the second is the influence of task complexity on moral reasoning of 2.625, and the smallest influence is shown by professional commitment to dysfunctional audit behavior of 0.093.

R-Square Test

Table 7 R-Square

	R Square
Moral Reasoning (Z)	0.283
Dysfunctional Audit Behavior (Y)	0.449

The R-Square value for the moral reasoning variable is 0.283. The score obtained explains that the percentage of moral reasoning that can be explained by external locus of control, professional commitment and task complexity is 28.3%. Then the R-Square value obtained for the dysfunctional audit behavior variable was 0.449. This value explains that dysfunctional audit behavior can be explained by external locus of control, professional commitment, and task complexity of 44.9%.

Hypothesis testing**Table 8 Hypothesis testing**

		Original Sample (O)	T Statistics (O/STDEV)	P Values
1	External Locus of Control (X1) -> Moral Reasoning (Z)	0.172	1,433	0.152
2	Professional Commitment (X2) -> Moral Reasoning (Z)	0.331	2,375	0.018
3	Task Complexity (X3) -> Moral Reasoning (Z)	0.309	2,625	0.009
4	External Locus of Control (X1) -> Dysfunctional Audit Behavior (Y)	0.197	1,828	0.068
5	Professional Commitment (X2) -> Dysfunctional Audit Behavior (Y)	-0.010	0.093	0.926



6	Task Complexity (X3) - > Dysfunctional Audit Behavior (Y)	0.258	2,462	0.014
7	Moral Reasoning (Z) -> Dysfunctional Audit Behavior (Y)	0.489	4,905	0,000

From the results of the data processing that has been carried out, it can be seen that of the 7 hypotheses proposed, 4 hypotheses have a significant effect (accepted) because they have P-Values < 0.05 . Meanwhile, 3 hypotheses have no significant effect (rejected) because they have P-Values > 0.05 . Analysis related to the proposed hypothesis is as follows:

The Influence of External Locus of Control on Moral Reasoning

The original SAMPLE (O) value was 0.172 with P-Values $0.152 > 0.05$ (above 0.05) and was not significant as indicated by the t-statistic value of $1.433 < 1.962$ (less than 1.96). The P-Values indicate that the hypothesis is rejected and it is stated that External Locus of Control has no significant effect on Moral Reasoning.

The Influence of Professional Commitment on Moral Reasoning

The original SAMPLE (O) value was 0.331 with P-Values $0.018 < 0.05$ (below 0.05) and significant as indicated by the t-statistic value of $2.375 > 1.962$ (greater than 1.96). The P-Values indicate that Professional Commitment has a significant effect on Moral Reasoning.

The Effect of Task Complexity on Moral Reasoning

The original SAMPLE (O) value was 0.309 with P-Values $0.009 < 0.05$ (below 0.05) and significant as indicated by the t-statistic value of $2.625 > 1.962$ (greater than 1.96). The P-Values indicate that Task Complexity has a significant effect on Moral Reasoning.

The Influence of External Locus of Control on Dysfunctional Audit Behavior



The original SAMPLE (O) value was 0.197 with P-Values $0.068 > 0.05$ (above 0.05) and was not significant as indicated by the t-statistic value of $1.828 < 1.962$ (less than 1.96). The P-Values indicate that the hypothesis is rejected and it is stated that External Locus of Control has no significant effect on Dysfunctional Audit Behavior. This supports the research of Herliza, Y., & Setiawan, MA (2019) that External Locus of Control has no effect on dysfunctional audit behavior. However, it is not in line with research conducted by Kartana, I. W (2021) that external locus of control has a positive effect on dysfunctional audit behavior.

The Influence of Professional Commitment on Dysfunctional Audit Behavior

The original SAMPLE (O) value was -0.010 with a P-Value of $0.926 > 0.05$ (above 0.05) and was not significant as indicated by a t-statistic value of $0.093 < 1.962$ (less than 1.96). The P-Values indicate that the hypothesis is rejected and it is stated that Professional Commitment has no significant effect on Dysfunctional Audit Behavior. This supports the research of Tejo, YB, & Sofian. (2022) that professional commitment has no effect on dysfunctional audit behavior.

The Influence of Task Complexity on Dysfunctional Audit Behavior

The original value of SAMPLE (O) is equal to 0.258 with P-Values $0.014 < 0.05$ (below 0.05) and with significance indicated by the t-statistic value $2.462 > 1.962$ (greater than 1.96). The P-Values indicate that Task Complexity has a significant effect on Dysfunctional Audit Behavior. This supports the research of Widhiaswari, DS, Putra, IW, & Damayanti, NR (2021) and the research of Wardani, IS, Padnyawati, KD, & Hutnaleontina, PN (2021) that task complexity has a positive effect on auditor dysfunctional behavior.

The Influence of Moral Reasoning on Dysfunctional Audit Behavior

The original value of SAMPLE (O) is equal to 0.489 with P-Values $0.000 < 0.05$ (below 0.05) and with significance indicated by the t-statistic value $4.905 > 1.962$ (greater than 1.96). The P-Values indicate that Moral Reasoning has a significant effect on Dysfunctional Audit Behavior. This supports research by Dewi, CM, & Dwirandra, AB (2018) that moral reasoning has a significant positive effect on dysfunctional auditor behavior.



CONCLUSION

1. The number of samples used in this research was 60 respondents, namely auditors who work at Public Accounting Firms in the City of Surabaya.
2. This research consists of 5 variables, namely External Locus of Control (X1), Professional Commitment (X2), Task Complexity (X3), Moral Reasoning (Z) and Dysfunctional Audit Behavior (Y) which will produce 7 hypotheses.
3. Of the 7 hypotheses that have been tested in this research, 4 hypotheses were accepted because they stated they had a significant effect and 3 hypotheses were rejected because they stated they had no significant effect.

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