

## The Effect of Organizational Commitment, Professionalism and Ethical Behavior on Auditor Performance in Public Accounting Firms in Bali Province

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**ABSTRACT:** Performance of Auditors is the result of Auditors ' work in conducting their job checking financial statements. This research aims to test the influence of organizational commitments, professionalism, and ethical behavior to the performance of auditors at the public Accountant office of Bali province. Research was conducted on 7 public accounting offices in Bali province. The population in this study is all auditors in public accounting offices. The sample is determined using the purposive sampling method. Data collection is used with questionnaires. The data analysis techniques used in this study are multiple linear regression analyses. The results showed that the organization's commitment, professionalism, and ethical conduct were simultaneously and partially influential positively on the performance of Auditors. This means that the higher the Organization's commitment, professionalism, and ethical behavior of Auditors then the performance of the auditor better.

**Keywords:** *performance, commitment, professionalism, ethical behavior*

### I. INTRODUCTION

The important role of public accountants makes the need for services from public accountants more and more needed, especially with the development of public companies. The increasing need for audit services has an impact on the development of the public accounting profession in Indonesia. The increase in the number of public accounting firms (hereinafter referred to as KAP) which operates can lead to competition between one KAP and another (Sulistiari and Sudarno, 2012). One of the auditor cases that had an impact on performance was the SNP Finance case. In 2018 the Financial Services Authority (OJK) imposed administrative sanctions on two Public Accountants (AP) and one Public Accounting Firm (KAP) because they were deemed not to provide an opinion in accordance with the actual conditions in the annual audit financial report of PT Sunprima Nusantara Pembuangan (SNP Finance) ). Both APs and one KAP gave an 'Unqualified' opinion in the audit results of SNP Finance's annual financial statements. In fact, the results of the OJK examination indicate that SNP Finance presents significant financial reports that are not in accordance with the actual financial conditions (Videlia, 2020). OJK assesses that the two APs have committed serious violations that violate POJK Number 13 / POJK.03 / 2017 concerning Use of Accountant Services Public and Public Accounting Firms. This is in accordance with what is stated in the explanation of Article 39 letter b POJK Number 13 / POJK.03 / 2017 (PDF), that the serious violations referred to include, among others, AP and KAP manipulating, helping to manipulate, and or falsifying data related to services given (Videlia, 2020).

The SNP Finance case shows that the KAP performance is problematic. In an effort to improve performance, KAP should start by building good organizational commitment. Commitment indirectly causes the auditor to work with full dedication to the organization and will do his job sincerely. Commitment is more to awareness and concern for organizational goals which are seen as common goals (Yulianti&Hamdiah, 2016). Errors in the financial statements made by KAP in this case indicate that the working auditor has low professionalism. In order to improve performance, auditors should have a professional attitude in carrying out audits of State financial accountability (Istiarini, 2018).

Given the importance of audit performance, auditors at the Public Accounting Firm (KAP) must pay attention to the factors that influence it, including organizational commitment, professionalism and ethical behavior. The auditor's organizational commitment will have an impact on auditor performance (Amandani&Suputra, 2017). Similar research by Saputro (2014), Putri and Badera (2019), Diani et al., (2019) found that organizational commitment has a positive effect on auditor performance. However, different results were obtained in Andika and Martini's (2017) study which found that organizational commitment did not have a significant effect on auditor performance.

Besides being influenced by commitment, the auditor's performance can also be influenced by the professionalism variable. Previous research on professionalism on auditor performance was conducted by Ramadhanty, (2013) which showed that professionalism had a significant effect on auditor performance. Research conducted by Putri (2015) and Nugraha&Ramantha (2015) states that auditor professionalism has a positive effect on performance. However, different results are obtained in Rahman's (2018) research which states that professionalism does not have a significant effect on auditor performance.

Another factor that affects auditors' performance is ethical behavior. Professional ethics is very important in carrying out the internal auditor profession. With high professional ethics, the auditor reflects his attitude as an independent individual, with integrity and high objectivity and responsibility, so that confidence can be given in carrying out his professional duties (Marita &Gultom, 2018). Ethical behavior as the glue to maintain environmental order. So the ethical behavior stated in the accountant's code of ethics will have a positive effect on the performance of auditors, according to the research results disclosed by Putri, (2015), Marita &Gultom (2018), Wulandari&Suputra (2018). Different results were obtained in the research of Hernanik and Putri (2018) which found that professional ethics had no effect on auditor performance.

Based on the background of the problem and the inconsistent results of previous research, the aim of this study was to examine the effect of organizational commitment, professionalism and ethical behavior on the performance of auditors in public accountants in Bali Province.

The hypotheses proposed in this study are as follows:

H1: Organizational Commitment has a positive effect on Auditor Performance.

H2: Professionalism has a positive effect on Auditor Performance.

H3: Ethical behavior has a positive effect on Auditor Performance.

## II. METHODS

This research was conducted at a Public Accounting Firm (KAP) in Bali Province which is listed in the Directory published by the Indonesian Institute of Public Accountants (IAPI) in 2020, all of which are located in Denpasar City. The reason for choosing the location of this research is to facilitate data collection in terms of knowing the name and address of the Public Accounting Firm because the public accounting firm that is registered in the Directory is equipped with its name and address.

The auditor's performance instrument was adopted from Cholifah's research, (2010) which consisted of:

- 1) Adhering to audit procedures,
- 2) Able to complete tasks on time,
- 3) Able to complete tasks well
- 4) Prioritizing collaboration with colleagues,
- 5) Able to communicate results audit,
- 6) Prioritizing quality over quantity.

The organizational commitment instrument was adopted from Trisnaningsih's research, (2007) which consisted of:

- 1) a sense of organizational ownership,
- 2) loyalty to the organization,
- 3) having an emotional bond with the organization,
- 4) staying working in the organization,
- 5) being easily tied to the organization,
- 6) Negative consequences of leaving the company.

Auditor professionalism instruments were adopted from the research of Hall & Singleton, (2014) which consisted of:

- 1) Dedication to the profession,
- 2) Belief in professional regulations / professional standards,
- 3) Social obligations,
- 4) Independence,
- 5) Relationships with professions / affiliations.

Ethical behavior instruments are adopted from the provisions of IAPI 2019 which consist of:

- 1) Integrity,
- 2) Objectivity,
- 3) Competence and professional prudence,
- 4) Confidentiality
- 5) Professional behavior

The population used in this study were all auditors who worked at the Public Accounting Firm in Bali Province that had previously been determined by the researcher. The sampling method used in this research is purposive sampling method, namely all auditors who work at KAP in Bali Province who have experience in conducting

audits for at least 1 year. Respondents used in this study were all auditors who worked at the KAP determined by the researcher and had previously performed or completed audit assignments. The data analysis technique in this study begins with instrument testing, namely by testing the validity and reliability of the instrument so that it can be seen whether the respondent's answer has been answered correctly or not. Then performed the classical assumption test, descriptive analysis and multiple linear regression analysis.

### III. RESULT AND DISCUSSION

**Table 1. Descriptive Analysis Results**

Variable	N	Min.	Max.	Mean	Std. Deviasi
Organizational Commitment (X1)	83	16.00	24.00	20.0482	2.36800
Auditor Professionalism (X2)	83	15.00	20.00	17.0361	1.66342
Ethical Behavior (X3)	83	15.00	20.00	16.5181	1.61820
Auditor Performance (Y)	83	21.00	28.00	24.2651	2.66908

Primary Data, 2020

The auditor commitment variable as measured by 6 statement items with the help of a 4-point Likert scale has an average value of 20.048. The average value of the auditor commitment variable is 20.048 if divided by 6 statement indicators, the value is 3.34, which is in the very high criteria in the value range 3.20 - 4.00, so it can be said that the overall auditor at KAP in Bali Province already has a very high organizational commitment.

The variable of auditor professionalism as measured by 5 statement items with the help of a 4-point Likert scale has an average value of 17.036. The average value of the auditor professionalism variable is 17.036 if divided by 5 statement indicators, the value is 3.41, which is in the very high criteria in the value range 3.20 - 4.00, so it can be said that the overall auditor at KAP in Bali Province already has a very high professionalism.

The auditor's ethical behavior variable as measured by 5 statement items with the help of a 4-point Likert scale has an average value of 16.518. The average value of the auditor's ethical behavior variable is 16.518 if divided by 5 statement indicators, the value is 3.30, which is at very high criteria in the value range 3.20 - 4.00, so it can be said that the overall auditor at KAP in the Province Bali already has very high ethical behavior.

The auditor's performance variable as measured by 7 statement items with the help of a 4-point Likert scale has an average value of 24,265. The average value of the auditor's performance variable is 24.2651 if divided by 7 statement indicators, the value is 3.47, which is at very high criteria in the value range 3.20 - 4.00, so it can be said that the overall auditor at KAP in Bali Province already has a very high performance.

**Table 2. Results of Multiple Linear Regression Analysis**

Variable	<i>Unstandardized Coefficients</i>	<i>Std. Error</i>	t hitung	Sig. uji t
(Constant)	-0,852	2,165		-0,393
Organizational Commitment (X1)	0,426	0,083	0,378	5,112
Auditor Professionalism (X2)	0,379	0,168	0,236	2,250
Ethical Behavior (X3)	0,612	0,171	0,371	3,585
R Square	0,633			
Adjusted R Square	0,619			
F-Statistic	45,386			
Sig. F	0,000			

Primary Data, 2020

The value of Adjusted R Square is 0.619, this means that 61.9% of variations in Auditor performance at KAP in Denpasar City are influenced by variations in organizational commitment, auditor professionalism, and ethical behavior. While the remaining 38.1% is influenced by other factors that are not included in the model.

The calculated F value of 45.386 with a significance value of 0.000 less than 0.05, it can be concluded that the group tested has a significant difference (significant). It can also be interpreted that simultaneously organizational commitment, auditor professionalism, and ethical behavior have a significant effect on auditor performance at KAP in Denpasar City.

Based on the results of the analysis of the effect of organizational commitment on auditor performance, the significance value is 0.000. A significance value of 0.000 < 0.05 indicates that H1 is accepted. This means that organizational commitment has a positive and significant effect on auditor performance. This indicates that the higher the organizational commitment of each auditor, then their performance will also tend to increase. The results of this study are in line with research from Amandani & Wirakusuma, (2017), Wijaya & Subagyo, (2017),

Hapsari, (2018), and Kirana &Shalehah, (2018) which states that organizational commitment has a positive and significant effect on auditor performance.

Based on the results of the analysis of the effect of the professionalism of the auditors on the performance of the auditors, the significance value is 0.027. A significance value of  $0.027 < 0.05$  indicates that H2 is accepted. This means that auditor professionalism has a positive and significant effect on auditor performance. This indicates that the higher the professionalism of the auditors that each auditor has, the more their performance will tend to increase. Research results that support the results of this study are research by Wulandari&Suputra, (2018), Hernanik& Putri, (2018), Masrurroh, et al., (2019) and Kurniawan, et al., (2017) which obtained results that professionalism auditors have a positive effect on auditor performance

Based on the results of the analysis of the effect of ethical behavior on auditor performance, a significance value of 0.001 is obtained. A significance value of  $0.001 < 0.05$  indicates that H3 is accepted. This means that ethical behavior has a positive and significant effect on auditor performance. This indicates that the higher the ethical behavior of each auditor, then their performance will also tend to increase. This is because an auditor always maintains his behavior at work as evidenced by upholding his high independence and not being influenced by the environment in making decisions and an auditor will not divulge client secrets for his own benefit. Research results that are in line with the results of this study are research from Marita &Gultom, (2018), Putri, (2015), Nurfadilah& Junaid, (2019), and Wulandari&Suputra, (2018) which found that the ethical behavior of auditors can improve auditor performance.

The results of this study are expected to contribute to the factors that influence auditor performance. The results showed that the three independent variables, namely organizational commitment, auditor professionalism, and ethical behavior have a positive effect on auditor performance. This is in accordance with the results of previous research and also the theories used in research including Theory of Planned Behavior and Theory of Reasoned Action. The auditor's organizational commitment can improve performance because the auditor feels he belongs to the organization and is responsible for the organization. Auditor professionalism shows the competence, expertise and experience of the auditor, the more professional the auditor, the better his performance will be. Ethical behavior shows the auditor's compliance with professional ethics and upholds the code of ethics as an auditor.

#### IV. CONCLUSION

The conclusions in this study are 1) Organizational commitment has a positive effect on auditor performance. This shows that the higher the commitment the auditor has can improve his performance, because the auditor has a sense of belonging to the organization and wants to advance the organization. 2) Auditor professionalism has a positive effect on auditor performance. This shows that the higher the professionalism of the auditors, the higher the performance. Professional means that the auditors have expertise, ability, and qualified experience in the field of financial reporting. 3) Ethical behavior has a positive effect on auditor performance. This means that auditors who have ethical behavior will have high performance. Ethical behavior provides guidance for auditors to behave to clients in accordance with those stipulated in the code of ethics for the public accounting profession. Auditors who have ethical behavior know how to behave in facing clients in the audit process, and other public accounting services.

Based on the average results of respondents' answers, it can be seen that the first statement of ethical behavior indicators, the second and sixth statement of auditors' performance indicators have the lowest average. So the suggestion that the author can convey is that the auditor at the Bali Province Public Accountant Office should be able to improve integrity as an auditor in an effort to increase public trust, be able to complete tasks on time that have been determined, and prioritize audit quality in conducting audits.

Public Accounting Firms need to provide training related to audits and increase audit tasks in order to improve auditor professionalism so that the resulting performance is maximized.

For further research, it is expected that the writer will not only focus on the three variables used, but also conduct research with other variables that may affect the performance of auditors.

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