

The Influence of *External Locus of Control*, *Machiavellian-Nature*, and Work Ethics on Dysfunctional Behavior in Bali Province Representative of the Audit Board of the Republic of Indonesia

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ABSTRACT: Indonesian Corruption Watch (ICW) released findings from 2005-2017, there were at least 6 bribery cases involving 23 BPK auditors. A total of 4 bribery cases related to obtaining BPK's opinion on financial audit reports, 1 bribery case to change BPK findings, and 1 bribery case to rule out suspicious BPK findings. In 2019 there was a case where BPK member Rizal Djalil became a suspect in a bribery case related to a drinking water system development project at the Ministry of Public Works and Public Housing. The purpose of this research is to test and obtain empirical evidence of external Locus of Control, Machiavellian-nature and Work Ethic on Dysfunctional Behavior of the Indonesian Supreme Audit Board, Bali Province representative. This research was conducted at the office of Bali Province representative of the Audit Board of The Republic of Indonesia with the criteria used, namely the examiner's functional position as a sample. The collection of data in this study used a questionnaire which was distributed directly to the respondents. Therefore, the samples obtained amounted to 45 samples. Statistical testing was carried out using the SPSS application. The results of this study indicate that external locus of control, Machiavellian-nature, and work ethics simultaneously influence the dysfunctional behavior. The results of the quantitative data show that the examiner who has an external locus of control with higher intensity will have a greater tendency to behave dysfunctionally. In Machiavellian, the higher the Machiavellian nature possessed by the examiner, the higher the tendency to perform dysfunctional actions. Whereas in the work ethic the higher the examiner's commitment to his duties, the lower the tendency to engage in dysfunctional behavior.

KEYWORDS: *External Locus of control, Machiavellian-nature, Work ethics, Disfungsional-behavior*

I. INTRODUCTION

The public sector is a complex and heterogeneous organization. Public sector organizations are required to provide information to the public regarding their plans and performance. This relates to the implementation of accountability that must be carried out by public sector organizations. One form of public accountability is making financial reports (Ovita, 2015). PT MD commissioner Leonardo Jusminarta Prasetyo promised 1.3 billion rupiah in Singapore dollars to Rizal Djalil.

In 2016 a case involving an auditor had occurred, the auditor for the Indonesian Audit Board stumbled on a case of alleged bribery related to the provision of an Unqualified Opinion by the BPK RI on the financial statements of the Ministry of Village, Development of Disadvantaged Regions for the 2016 fiscal year. Indonesian Corruption Watch released findings from 2005-2017, there were at least 6 bribery cases involving 23 BPK auditors. A total of 4 bribery cases related to obtaining BPK's opinion on financial audit reports, 1 bribery case to change BPK findings, and 1 bribery case to rule out suspicious BPK findings (Yuntho, 2017).

Auditor-behavior that is not in accordance with auditing standards is dysfunctional behavior (Oktaviani, 2017). This auditor's dysfunctional behavior can harm the organization being audited. There are several characteristics of this dysfunctional behavior, namely; *underreporting of time, premature sign-off, altering/placement of audit procedure*. *Underreporting of time* which leads to poor personnel decisions, masks the need for budget revisions, and creates *time pressure* for unknown future audits. In addition, *Premature sign-off* is a condition that indicates the auditor stops one or several audit steps required in the audit procedure without replacing it with another step (Marxen, 1990).

Machiavellian in the auditor profession that prioritizes ethical implications, is a negative trait because it ignores the importance of integrity and honesty in achieving goals. In addition, *Machiavellians* try to take advantage of circumstances for personal gain and tend to disobey the rules. Furthermore, the results of Richmond's research (2003) shows that a person's tendency to take unethical actions is higher when the *Machiavellianism* is higher.

Work Ethics is also one of the important factors that influence the performance and behavior of auditors. Sondang P. Siagian (2002) explains that what is meant by a work ethic are binding and explicitly defined norms and practices that are accepted and recognized as normal habits to be maintained and applied in the lives of employees as members of an organization. Work ethic is also related to matters relating to awareness in making choices for a job, providing encouragement, motivation, and giving meaning to a job, which will then develop into a character or mental attitude at work. Therefore, the work ethic is basically always related to the insight of morality that is able to underlie oneself at work.

II. LITERATURE REVIEW AND RESEARCH HYPOTHESIS

Attitude Change Theory was introduced by Carl Hovland in the early 1950s. This theory provides an explanation of how a person's attitude is formed and can change through the communication process, how that attitude can affect individual actions or behavior. In addition, (Taruk, 2017) states someone will experience discomfort within himself if he is confronted with new information or information that is contrary to his beliefs, this is in accordance with the theory of attitude change. In this case for example, changing an auditor's negative attitude towards audit results due to company implementation that is not in accordance with the provisions can be done with regular repairs, so that the negative impression will turn positive (Mahatma, 2016).

Cognitive Dissonance Theory is a discrepancy that occurs between two inconsistent cognitive elements that causes psychological discomfort and motivates people to do something so that the dissonance can be reduced. The term dissonance/dissonant is related to the term consonant in that both refer to the relationship that exists between elements. The elements in question are cognitive elements (Basriani et al, 2015). According to Festinger (1957) in the sources of cognitive dissonance, among others (Mulyadi, 2017: 5) 1) Logical Inconsistency, where dissonance occurs due to incompatibility of cognitive elements with existing logical things; 2) Cultural Values (Culture Mores), where cultural differences cause cognitive dissonance; 3) Opinion Generality, where dissonance can occur when the opinions held by many people are forced into individual opinions; 4) Past Experience, if cognition is not consistent with knowledge of past experiences, dissonance will appear.

Dysfunctional behavior describes actions that deviate from what should be done by an individual in carrying out his duties (Shbail et al, 2018). In addition, dysfunctional behavior is individual behavior that has a basic conflict with organizational goals. This behavior is a tool for the auditor to manipulate the audit process in an effort to achieve individual performance objectives. (Kustinah, 2017). Dysfunctional audit behavior is any action taken by the auditor during the implementation of an audit program that can reduce audit quality either directly or indirectly (Istiqomah and Hanny, 2017). Dysfunctional behavior according to Donnelly et al. (2003) includes the act of reporting audit time with a shorter total time than the actual time (underreporting of audit time), changing procedures that have been established in carrying out audits in the field (replacing and altering original audit procedures), and completing audit steps prematurely without completing the entire procedure (premature signing-off of audit steps without completion of the procedure).

According to Rotter (1981) individuals with *locus of control* see success as basically determined by forces outside of themselves, whether it be luck, social context, or other people. Individuals with an external locus of control feel unable to control the events that happen to them (in Allen, 2003: 294). Donnelly et al. (2003, Kartika and Wijayanti (2007) and Harini et al (2011) it can be stated that the higher the tendency of the auditor to have *locus of control*, the greater the potential for the auditor's dysfunctional behavior to maintain his position. Based on the explanation that has been explained, the hypothesis proposed by the author is :

H₁: External locus of control has a positive effect on the Dysfunctional Behavior of Bali Province Representative of the Audit Board of The Republic of Indonesia.

Machiavellianism was taught by a political philosopher from Italy named Niccolo Machiavelli (1469-1527). Christie and Geis (1970) in their research describes the *Machiavellian* as an antisocial personality, which does not pay attention to conventional morality and has low ideological commitment. A *Machiavellian* has a tendency to be selfish, manipulative and aggressive.

The research results of Setyanudita and Hermawan (2016); Usmany and Laitup (2017) show that *Machiavellian* has a positive and significant influence on dysfunctional audit behavior. Based on this description, the second hypothesis proposed in this study is:

H₂: The Machiavellian nature has a positive effect on the Dysfunctional Behavior of Bali Province Representative of the Audit Board of The Republic of Indonesia

The results of research conducted by Wulan Lestari (2018) shows that the work ethic has a positive influence on auditor performance. Pratana and Abadi (2018) further explain that work ethic has a positive effect on organizational commitment. This proves that someone who has a high work ethic tends not to take dysfunctional actions at work. Based on the description, the hypothesis is formulated as follows.

H₃: Work Ethics has a negative effect on the Dysfunctional Behavior of Bali Province Representative of the Audit Board of The Republic of Indonesia

III. METHODS

This research is included in the type of quantitative research. According to Sugiyono (2009) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples with the aim of testing established hypotheses. The population in this study were all examiners at the Bali Province Audit Board of Republic of Indonesia, totaling 45 people. The sample in this study was determined using a saturated sampling technique. Saturated sampling is a sampling technique in which the entire population is sampled (Sugiyono, 2019). This is done if the population is relatively small or research that wants to make generalizations with relatively small errors. The data used in this study is primary data, namely data collected and processed by an agency or individual directly from the object. The primary data in this study are the answers given by the respondents to the questions in the questionnaire related to the research.

IV. RESULT AND DISCUSSION

Multiple linear regression analysis is an analytical tool used to measure the relationship between two or more variables. Another function of this analysis is used as a tool to show the direction of a positive or negative relationship between the independent variables on the dependent variable (Ghozali 2016:96). The results of multiple linear regression tests can be seen in table 1:

Table 1 : Multiple linear regression test results

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 24,125 | 7,079 | | 3,408 | 0.001 |
| X1 | 0,519 | 0,137 | 0,428 | 3,791 | 0,000 |
| X2 | 0,247 | 0,099 | 0,238 | 2,493 | 0.017 |
| X3 | -0,667 | 0,186 | -0,403 | -3,582 | 0.001 |

Source: Analyzed Primary Data, 2022

According to table 1 the acquisition of the regression equation is obtained as follows:

$$Y=24,125+ 0,519 X_1 + 0,247 X_2- 0,667 X_3 +\epsilon \dots\dots\dots (1)$$

Description:

- \hat{Y} : Audit dysfunctional behavior
- α : Constant values
- $\beta_1, \beta_2, \beta_3$: Regression coefficient
- X_1 : External locus of control
- X_2 : Nature Machiavellian
- X_3 : Work Ethic
- ϵ : error

Statistical test result t *Externallocus of control* variable has a coefficient value of 0,519 and a significance value of 0.000 which is less than α 0.05 ($0.000 < 0.05$). Individuals with a high external *locus of control* tend to feel less confident in their abilities when carrying out tasks and can only accept events that are experienced on the basis of fate, luck or fate. When individuals feel unable to fulfill the work assigned, then dysfunctional behavior will be carried out as an act to maintain their position. Supported by the results of Donnelly et al. (2003), Kartika and Wijayanti (2007) and Harini et al (2011) it can be stated that the higher the tendency of the auditor to have *locus of control*, the greater the potential for the auditor's dysfunctional behavior to maintain his position.

Statistical test results for the t variable of *Machiavellian nature* has a coefficient value of 0,247 and a significance value of 0,017 is smaller than α 0.05 ($0.017 < 0.05$). Thus, it can be concluded that the *Machiavellian-nature* of dysfunctional audit behavior is positive and significant for dysfunctional audit behavior. Setyanudita and Hermawan (2016) state that *Machiavellian-nature* directly affects the auditor's independence and tends to accept ethically dilemmatic behaviors that lead to dysfunctional audit behavior. This

statement is proven by the results of research by Setyanudita and Hermawan (2016), namely *Machiavellian* has a strong and unidirectional relationship and has a high percentage of dysfunctional audit behavior. Research on *Machiavellian* was also conducted by Usmany and Laitup (2017), the results of this study indicate that *Machiavellian* has a positive and significant influence on dysfunctional audit behavior.

The results of the t statistical variable test for the Work Ethics have a coefficient value of -0.667 and a significance value of 0.001 which is less than α 0.05 ($0.001 < 0.05$). The theory of attitude change, which was introduced by Carl Hovland in the early 1950s, became the theoretical basis for this study. This theory provides an explanation of how a person's attitude is formed and can change through the communication process, how that attitude can influence a person's actions or behavior. In this theory of attitude change, among others, states that a person will experience discomfort within himself if he is faced with new information or information that is contrary to his beliefs (Taruk, 2017). This attitude change theory provides a logical picture of how auditor behavior is greatly influenced by the work ethic itself. An auditor has the possibility of a deviant attitude or what is called dysfunctional behavior when the auditor begins to be faced with situations that support the creation of this attitude.

Research conducted by Ismail (2015) states that personality greatly influences a person's decision to take action. Dysfunctional audit behavior is a deviant behavior that is influenced by the personality of an auditor. Assessment of personality traits is often used as a predictor of a person's performance and behavior. Personality traits are the basic foundation of individual personality that underlies one's thoughts, feelings, and behavior (Rustiarini, 2014). Based on the theory of attitude change and the results of previous studies show that the Work Ethic tends to falter in certain situations. For example; auditors are faced with difficult situations particularly in choosing whether to carry out procedures or not, in addition, auditors with inconsistent personalities in adhering to ethical behavior will commit dysfunctional behavior.

V. CONCLUSION

This study was conducted to examine the influence of *external locus of control*, *Machiavellian-nature*, and auditor personality on the dysfunctional behavior of Bali Province Representative of the Audit Board of The Republic of Indonesia. Respondents in this study were Bali Province Audit Board. Based on the results of the discussion, it can be concluded as follows: (1) *locus of control* has a positive effect on dysfunctional behavior. *Machiavellian-nature* has a positive effect on dysfunctional behavior. (3) Work Ethics has a negative effect on dysfunctional behavior.

Based on the research results that have been described, the research has theoretical and practical implications. Theoretical implications provide additional knowledge about attitude change theory which explains that when individuals observe someone's behavior, the individual seeks to determine whether the behavior is caused internally or externally. The results of the research can be used as proof that the existing attitude change theory is valid with the real events that occur, especially regarding dysfunctional behavior.

Practical implications can be used as reference material and provide conceptual contributions for similar researchers and further research in the framework of developing science for the development and advancement of education. This is due to the existence of *locus of control*, *Machiavellian-nature*, and auditor personality which can provide evaluation and review of information regarding decision making according to needs, regarding dysfunctional behavior.

The limitation of this study is the object of research focused only on one province whereas the number of provinces in Indonesia is 34 provinces. In the data collection process, the information provided by respondents through questionnaires sometimes does not show the actual opinions of respondents, this occurs because of different thoughts, assumptions and understandings that are different for each respondent, as well as other factors such as the factor of honesty in filling out the respondents' opinions in the questionnaire.

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