

**CHARACTERISTICS OF THE INDIVIDUAL AUDITOR'S
DYSFUNCTIONAL BEHAVIOR (UNDERREPORTING OF TIME) IN
AUDIT IMPLEMENTATION AND REDUCTION IN AUDIT
QUALITY**

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ABSTRACT

This study aims to look at the concepts of individual characteristics that affect the behavior of the auditor in conducting an audit program. This research is in the domain of the behavioral accounting analysis. The unit of analysis is in the public accounting firm, in the city of Makassar. This research is the explanation (explanatory research) intends to explain the causal relationship between variables through hypothesis testing. The analytical method used in this research is path analysis on the basis that the pattern of relationships between the independent variables in this study is the correlative nature and causality. Respondents in this study were 50 auditors in the entire public accounting firm in Makassar. The results of this study explained that the implementation of an effective audit program that is integrated with behavioral aspects were deemed largely determine the effectiveness of an audit program in Makassar has not run optimally and effectively. This research as a source of information for formulating policies in realizing the effectiveness of the audit and capacity building of human

resources for the auditor at KAP, so as to provide reasonable assurance to users of financial statements (stakeholders).

Keywords: Behavioral Accounting, Individual Characteristics, Dysfunctional Behavior, Reduction of Quality Audit.

INTRODUCTION

Background

As the professional services provider of financial statements analyzer, an auditor faces a lot of challenges in his work. Nevertheless, public confidence in auditing financial statements highly dependent on the quality of audits produced KAP. Certainly the authenticity is related to the position of auditor, as an independent person. Independent attitude of the auditor's often creates conflict with the interests of client who have hired and paid by the client. A rejection of the request of the client could end up with the dismissal and of course this is very much detrimental to an auditor. . The temptation of money comes in between integrity and independent auditing. Practices of fraud committed between auditors and their clients are a serious ethical and professional problem because it directly affects public confidence.

Behavior of auditors should be morally justifiable. Auditor with strong ethical foundation will be able to avoid conflicts since the audit solution is detrimental to the community. Perry, a philosopher, states that morality is a solution to the problems caused by the conflict, namely the conflict between the parties who have similar interests or a different (Perry, 1954 in French & Allbright, 1998). Someone who believes the success or failure that happened to be in control is said to have internal locus of control, on the other hand people who believe the success or

failure they experienced is determined by external factors (beyond their control) is said to have external locus of control (Lefcourt, 1982). Performing audit procedures careful and thorough audit program as outlined in helping the firm to be able to produce quality audit services (Malone & Robert, 1996). However, there is the threat of loss of quality audit as a result of dysfunctional audit actions are sometimes carried auditors in completing the audit assignment. Audit dysfunctional behavior is any action that auditors in the implementation of the audit program to reduce or degrade the quality of audits, directly or indirectly (Otley & Pierce, 1996).

The characteristics of individual auditors studied are locus of control and ethical commitment to his profession as an auditor. It is argued that the theoretical and empirical implications to the study influence the individual characteristics of the auditor on the trend of dysfunctional audit perform actions during audit program, which is linked to the locus of control and code of ethical conduct. Tsui and Gul (1996) found that the interaction between locus of control and ethical considerations influence the behavior of the auditor. Such results explicitly recognize the effect of locus of control and account of the ethical-stand of auditor in providing better explanation for the differences in ethical decision-making, which further affected by the auditor's personality and cognitive style. This supports the notion that the locus of control and the ethical code of conduct can influence the perception and behavior of auditors in the implementation of the audit program and the tendency of dysfunctional audit, in completing the audit assignment.

In general, the organizational structure of KAP arranged hierarchically organized as follows; junior, senior, supervisors, managers, and partners (Setiawan and Ghazali, 2006). Auditor KAP started his career as a junior auditor, and if it meets the criteria can then be promoted to a

higher level. Auditor partner is the party responsible for all activities of KAP. When compared with the position of the individual in the business structure of the organization, junior and senior auditor with employees occupying similar positions lower level, while the auditor supervisors, managers, and partners of the equivalent of middle and top level managers (Joseph, 2001). Furthermore, this study examines the characteristics of individual auditors (internal locus of control, ethical code of conduct) and dysfunctional behavior audit and audit quality reduction behavior.

LITERATURE REVIEW

Definition of Locus of Control

One variable that distinguishes a person's personality with others is the locus of control or the control center. The concept of locus of control is widely used in behavioral research to explain differences in individual behavior in organizational settings. Locus of control individual reflects the level of a person's beliefs about the extent of behavior or actions that they do affect the success or failure they experienced. Lefcourt (1982) states individuals with an internal locus of control believe that the success or success in life is within their control. Conversely, individuals with external locus of control believe that the success or success in life beyond their control. Thus, the perspective and actions that have the individual in the face of identical conditions may vary depending upon the locus of control of the individual concerned. In the psychology literature indicated some differences in individual behavior resulting from the locus of control individuals.

Research on the relationship locus of control with dysfunctional audit behavior is still scarce and inconclusive. Results of research Malone and

Robert (1996) shows the locus of control has positive influence on RKA, these effects were not statistically significant. On the other hand, the results Donnelley et al., (2003) showed an auditor with an external locus of control tend to receive a dysfunctional audit behavior. The findings of the study Mukhlisin (2005) with the respondent auditors working in KAP in Jakarta confirmed the results Donnelly et al., (2005), but the results Maryanti (2005) with the respondent auditor KAP Central Java found the influence of locus of control on reception behavior dysfunctional audit insignificant. Similar to the results of research Irawati et al. (2005), the results Shapeero et al., (2003) showed that auditors have an external locus of control have a higher intention to conduct an audit of dysfunctional behavior compared with auditors who have an internal locus of control.

Ethical Code of Conduct (Ethical Considerations)

Ethics can be defined as good or fair standard of behavior between the various parties in a situation. Another definition is human behavior that is both good and bad, whether it is right or wrong, and what should and should not do. Most researchers claim that ethics is the study of morality. Morality is itself a moral assessment, standards and rules of conduct (Beu and Buckley, 2001). Results of previous studies show there is a threat to audit quality deterioration as a result of dysfunctional audit behavior that is sometimes done auditor in auditing practices (Pierce and Sweeney, 2004). Dysfunctional audit behavior is any act committed auditor during the performance audit program which can reduce the quality of audits, both directly and indirectly (Otley & Pierce, 1996).

Behaviors that reduce audit quality directly implemented through measures such as; premature termination of audit procedures, review

superficial to the client documents, bias in sample selection, not to expand the scope of testing when the detected irregularities, and did not examine the suitability of treatment, the applied accounting clients (Otley and Pierce 1996).

Behavior Underreporting of Time

Dysfunctional audit behavior that occurs in the audit practice is the act of manipulating the auditor with the audit report time used for the execution of specific audit tasks. In the auditing literature this behavior is referred to as the behavior of underreporting of time (URT). URT behavior occurs when the auditor does not report and charged the audit time used to complete tasks assigned audit KAP (Otley and Pierce, 1996). URT behavior is mainly motivated by the desire auditor completed the audit assignments within the audit time budget in an attempt to get a more personal performance evaluation (Otley and Pierce, 1996). In practice, the behavior of URT also referred to as the practice of eating time (Smith, Hutton and Jordan, 1996). Behavior URT can be done through measures such as; doing audit work by using a personal (eg, working at playtime), shift timing of the audit which is used to conduct the audit assignment of certain other tasks that key work conducted at the same time, and did not report overtime will be used in doing the procedure or task specific audit (Smith et al., 1996).

Auditors who do URT believe that these measures it serves as the form of dedication and loyalty to the individual auditor KAP. Nonetheless, URT is an act dysfunctional behavior that ultimately has an impact on audit quality. McNair (1991) suggested URT behavior is dysfunctional behavior, because actions URT negative impact on the environment audit. URT behavior affects the internal decision-making processes in various fields such as accounting firm; budget preparation time,

evaluation of personal performance auditor, the determination of fees, and allocating the personal auditor to audit tasks and the subsequent effect on audit quality degradation (Otley & Pierce, 1996).

Behaviour Reduction Audit Quality (RKA)

Reduction of audit quality (RKA), also called "irregular auditing practice" (Willet and Page, 1996) in the auditing literature is evidence that the implement of audit procedures in accordance with the audit program is not always their duties of auditors. Such actions directly reduce the quality of the audit because the auditor has chosen not to implement all phases of the audit program carefully and thoroughly. In the literature auditing, actions such as those mentioned above are classified as behavioral RKA (Pierce and Sweeney 2004). RKA behavior is defined "as an act done auditor during the audit assignment that reduces the effectiveness of audit evidence that in-collect" (Malone and Robert, 1996). Thus the evidence gathered during the audit unreliable, incorrect or inadequate in quality and quantity. Such evidence is not competent enough as a reasonable basis for the auditor in detecting errors and irregularities were adrift on the audited financial statements.

Research Questions

Based on the description of the background, issues were examined in the study was formulated as follows:

1. Does any relationship exist between locus of control auditor and the code of ethical conduct on the behavior of dysfunctional audit?
2. Does any relationship exist between locus of control auditors, code of conduct and ethical behavior of dysfunctional auditor in the reduction of audit quality?
3. Does the dysfunctional audit behavior influence the reduction of audit quality?

Hypothesis

Based on the framework that has been described, the hypothesis can be formulated as follows:

1. Locus of control auditor and the code of conduct ethical positive and significant effect on the behavior of dysfunctional audit.
2. Locus of control auditors, code of conduct and ethical behavior of dysfunctional auditor has positive and significant effect on the reduction of audit quality.
3. Dysfunctional audit behavior has positive and significant effect on the reduction of audit quality.

RESEARCH METHODS

Process Flow Research

This research was conducted to obtain data that give an idea of the magnitude of the effect of the individual characteristics of the dysfunctional behavior of staff auditor at KAP as the city of Makassar. The population in this study was all auditors in Public Accounting Firm (KAP) in Makassar, namely:

| | |
|--|------------------|
| a. KAP Mansyur Sain & Partners: | 7 |
| b. Drs. Rusman Thoeng, M. Com, BAP: | 8 |
| c. Drs. Thomas, Blasius, Widartoyo & Partners (Cab): | 10 |
| d. KAP Usman & Partners (Cab): | 6 |
| e. Drs. Daniel Hassan & Partners: | 6 |
| f. Drs. Harly Weku: | 6 |
| g. KAP Jacob Ratan: | 7 |
| | 50 people |

Respondents in this study were all auditors in public accounting firm. This study uses census in the sample collection. This study uses a method explanatory case study to explain the relationship between the variables used in this research through research hypothesis testing that has been set, while the technique used is cross sectional.

Model Research

The analytical method used in this research is path analysis on the basis that the pattern of the relationship between variables independent in this research is correlative and causal. This analysis is used to determine the influence of the independent variable-pitch toward the dependent variable, as shown in Figure 1 below:

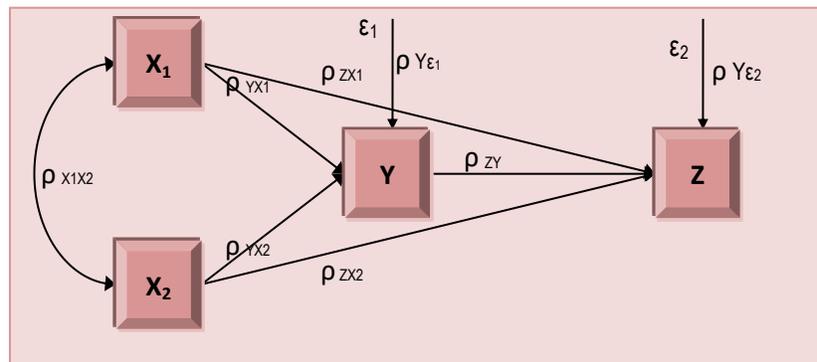


Figure 1.
 Research Model

- X_1 = Locus of Control
- X_2 = Code of Conduct Ethical
- Y = Dysfunctional Audit Behavior (URT)

Z = Reduction of Quality Audit (RKA)

ϵ_1 = Other variables that affect Y

ϵ_2 = more influence Variable Z

Discussions during the brainstorming session excavated indicators summarized in the operationalization of variables, as shown in Table 1 the following:

Table 1
Variable Operationalized

| Variable | | Indicator | Scale |
|----------------------------|-----------------------------------|--|---------|
| Individual characteristics | <i>Locus of Control</i> (X_1) | <ul style="list-style-type: none"> - Work is an activity to get results - The results of a job as expected - The work can be done well if there is a good planning - A subordinate should always give advice or opinions to the boss - Obtaining the appropriate job is a fortune - Obtaining the award is a fortune - A job can be done well if done in earnest - To obtain a job there must be a friend or acquaintance who helped - Promotion is a fortune - To obtain suitable jobs, acquaintance or friend is more important than ability - Promotion granted to employees who perform well - To obtain the desired, one must | Ordinal |

| | | | |
|---|--|--|-------------|
| | | <p>know the right people</p> <ul style="list-style-type: none"> - To be able to perform the necessary luck - Employees who work well will be rewarded commensurate - The influence of a given employee's superiors thought greater than the employee concerned - Luck is a factor that distinguishes those who succeed and fail. | |
| | <i>Code of Etichal Conduct (X₂)</i> | Code of Conduct of Public Accountant | Ordina l |
| Dysfu nction al behav ior Audit (Y) | <i>Under-reporting Of Time (URT)</i> | <ul style="list-style-type: none"> - Reporting audit period that is shorter than the actual time. - Carry out audit tasks on personal time (personal). - Redirecting audit time for a specific client to another client | Ordina l |

| | | | |
|--|--|---|----------------------|
| <p>Reduction Audit Quality (Z)</p> | | <ul style="list-style-type: none"> - Premature termination of audit procedures - Review superficial to the client documents - Tests on samples of most items - Do not expand the scope of testing when it detected an item or dubious accounts - Receiving clients explanation inadequate - Do not investigate the suitability of the accounting treatment applied to client - Reduce the audit work of the audit program - Changing or replacing the audit procedures - more reliance on the work of the client - Reducing audit proof documentation Ordinal | <p>Ordinal 1</p> |
|--|--|---|----------------------|

RESULT AND DISCUSSION

Descriptive Respondents

The results of the descriptive analysis of the characteristics of these respondents are presented in table 2:

Table 2.
Respondents Descriptive Data

| | Description | Amount | Percentage (%) |
|-----------|--------------------|---------------|-----------------------|
| Gender | Male | 34 | 68% |
| | Female | 16 | 32% |
| Age | 25th-29th | 11 | 22% |
| | 30th -39th | 26 | 52% |
| | >40 th | 13 | 26% |
| | Diploma III | 4 | 8% |
| Education | Sarjana | 30 | 60% |
| | Magister | 16 | 32% |

Hypothesis Test

To perform the test the hypothesis, the method used is path analysis (path analysis). The results of path analysis are summarized in the table as follows:

Table 3.
Results Path Analysis (Path Analysis)

| Effect | SC. BETA (Koefisien Jalur) |
|--------------------------------|-----------------------------------|
| Effect of X ₁ for Z | - 0.197 |
| Effect of X ₂ for Z | 0.840 |
| Effect of X ₁ for Y | 0.824 |
| Effect of X ₂ for Y | 0.105 |
| Effect of Z for Y | 0.059 |

Based on Table 3 above, the model equations path analysis (path analysis) were obtained as follows:

$$Z = - 0.197 ZX1 + 0, 840ZX2 + e \quad (\text{equation 1})$$

$$Y = 0.824 YX1+ 0.105 YX2+ 0.059 YZ + e \quad (\text{equation 2})$$

T Value

T value is used to prove the significant influence of the independent variable on the dependent variable. T value can be seen in the results of the regression with a significance value <0.05.

Influence of Locus of Control (X1) and Code of Ethical Conduct (X2) to Dysfunctional Behavior (Z)

Results t value between locus of control and code of ethical conduct to dysfunctional behavior can be seen the results are as follows:

Table 4.

Value Locus of Control (X1) and the Code of Conduct (X2) to dysfunctional behavior (Z)

| Coefficients ^a | | | | |
|-----------------------------|------------|---------------------------|--------|------|
| Unstandardized Coefficients | | Standardized Coefficients | | |
| B | Std. Error | Beta | T | Sig. |
| 9.114 | 3.665 | | 2.487 | .017 |
| -.191 | .089 | -.197 | -2.152 | .037 |
| .745 | .081 | .840 | 9.161 | .000 |

a. Dependent Variable: Z

a. The significant value of locus of control (X1) to dysfunctional behavior (Z) of 0.037. The significance value less than 0.05, it states

there is significant influence between the locus of control (X1) to dysfunctional behavior (Z). Hence this study rejects Ho and H1 accepted.

- b. The significant value of the code of ethical conduct (X2) on dysfunctional behavior (Z) of 0.000. The significance value less than 0.05, it states there is significant influence between the code of ethical conduct (X2) on dysfunctional behavior (Z). Hence this study reject Ho and H1 accepted.

Influence of Locus of Control (X1), Code of ethical conduct (X2) and Dysfunctional Behaviour (Z) on Audit Quality Reduction (Y)

The results of significance value of t between locus of control (X1), the code of ethical conduct (X2) and dysfunctional behaviors (Z) on the reduction of audit quality (Y) can be seen the results as follows:

Table 5.

T Value Locus of Control (X1), Code of Ethical Conduct (X2) and Dysfunctional Behavior (Z) on the Reduction of Quality Audit (Y)

| Coefficients^a | | | | | |
|---------------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | | Sig. |
| | B | Std. Error | Beta | t | |
| 1 (Constant) | -1.908 | 2.492 | | -.766 | .448 |
| X1 | .616 | .059 | .824 | 10.390 | .000 |
| X2 | .072 | .087 | .105 | .834 | .408 |
| Z | .046 | .093 | .059 | .492 | .625 |

a. Dependent Variable: Y

- a. The significant value of locus of control (X1) to the reduction of audit quality (Y) of 0.000. Significant value less than 0.05, it states there is significant influence between the locus of control (X1) to the reduction of audit quality (Y). Thus it can be said that in this study can reject Ho and H1 can be accepted.
- b. The significant value of the code of ethical conduct (X2) to the reduction of audit quality (Y) amounted to 0.408 greater than 0.05, it is stated that there was no significant effect among the code of ethical conduct (X2) to the reduction of audit quality (Y). Thus it can be said that in this study may reject H1 and H0 can be accepted.
- c. The significant value of dysfunctional behavior (Z) to the reduction of audit quality (Y) of 0.625. The significance value less than 0.05, it is stated that there is no significant effect between dysfunctional behavior towards the reduction of audit quality. Thus it can be said that in this study may reject H1 and H0 can be accepted.

Test Effect of Mediation (Intervening)

Mediation hypothesis testing can be done with a procedure developed by Sobel (1982) and known as the Sobel Test. Sobel test is done by testing the strength of the indirect influence of independent variables (X) to the dependent variable (Y) through an intervening variable (Z).

From the results of SPSS output below 20.0 for the first regression (1) was obtained as follows:

Table 5.
 Indirect Influence

| Coefficients^a | | | | | | |
|---------------------------------|-------------|----------------|------------|-------------|--------|------|
| Model | | Unstandardized | | Standardize | T | Sig. |
| | | Coefficients | | d | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 9.114 | 3.665 | | 2.487 | .017 |
| | X1 | -.191 | .089 | -.197 | -2.152 | .037 |
| | X2 | .745 | .081 | .840 | 9.161 | .000 |

a. Dependent Variable: Z

As for the second regression (2) is obtained as follows:

Table 6.
 Indirect Influence

| Coefficients^a | | | | | | |
|---------------------------------|-------------|----------------|------------|-------------|--------|------|
| Model | | Unstandardized | | Standardize | t | Sig. |
| | | Coefficients | | d | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -1.908 | 2.492 | | -.766 | .448 |
| | X1 | .616 | .059 | .824 | 10.390 | .000 |
| | X2 | .072 | .087 | .105 | .834 | .408 |
| | Z | .046 | .093 | .059 | .492 | .625 |

a. Dependent Variable: Y

Influence of Locus of Control (X1) to Reduce Quality Audit (Y) through Dysfunctional Behavior (Z) as an Intervening Variable

Effect of mediation shown by the multiplication coefficient (ab) need to be tested with Sobel test by multiplying the unstandardized regression coefficient X1 → Z (a) the value unstandardized regression coefficient Z → Y (b) or ab. Standard error of the coefficients a and b are written with Sa and Sb. The standard error of the coefficient indirect effect (Sat):

$$\begin{aligned}
 Sab &= \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\
 &= \sqrt{(0,046)^2 \cdot (0,089)^2 + (-0,191)^2 \cdot (0,093)^2 + (0,089)^2 \cdot (0,093)^2} \\
 &= \sqrt{0,00001676083 - 0,04513 + 0,00006850872} \\
 &= \sqrt{-0,045050} \\
 &= -0,21264
 \end{aligned}$$

Based on the results of multiplication **ab** and standard error of the coefficient indirect effect (Sat) can be used to calculate the effect of mediation t statistic with the following formula:

$$t = \frac{a \cdot b}{Sab} = \frac{-0,191 \times 0,046}{-0,21264} = \frac{-0,008786}{-0,21264} = -0,221$$

T table value by the number of samples (n) = 29, the number of variables (k) = 2; the significant level $\alpha = 5\%$; degrees of freedom (db) = n-k-1 = 50-2-1 = 47 obtained for 1,678. Results t = - 0.221 smaller than t table is 1,678 so it can be concluded that the coefficient of mediation is not significant and means that no mediation effect of dysfunctional behavior (Z) in mediating the locus of control (X1) to the reduction of

audit quality (Y). Thus we can say that it can reject H1 and H0 can be accepted.

Influence of the Code of Ethical Conduct (X2) on the Reduction of Quality Audit (Y) through Dysfunctional Behavior (Z) as an Intervening Variable

Effect of mediation shown by the multiplication coefficient (ab) need to be tested with Sobel test, multiplying unstandardized regression coefficient X2 → Z (a) with unstandardized regression coefficient Z → Y (b) or ab. Standard error of the coefficients a and b written by Sa and Sb. The standard error of the coefficient indirect effect (Sab):

$$\begin{aligned}
 Sab &= \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\
 &= \sqrt{(0.046)^2 \cdot (0.089)^2 + (0.745)^2 \cdot (0.093)^2 + (0.089)^2 \cdot (0.093)^2} \\
 &= \sqrt{0.00001676083 + 0.00480041122 + 0.00006850872} \\
 &= \sqrt{0.00488568077} \\
 &= 0.06989764
 \end{aligned}$$

Based on the results of multiplication ab and standard error of the coefficient indirect effect (Sab) can be used to calculate the statistical effect of mediation t with the following formula:

$$t = \frac{a \cdot b}{Sab} = \frac{0.745 \times 0.046}{0.06989764} = \frac{0.03427}{0.06989764} = 0.490$$

Therefore t = 0.490 smaller than t table with a significance level of 0.05 is equal to 1,678, it can be concluded that the coefficient of mediation is not significant and means that no mediation effect of dysfunctional

behavior (Z) in mediating the code of ethical conduct (X2) to reduction of audit quality (Y). Thus we can say that it can reject H1 and H0 can be accepted.

Calculating Line

The effect of each variable influence either directly or the indirect effect can be explained as follows:

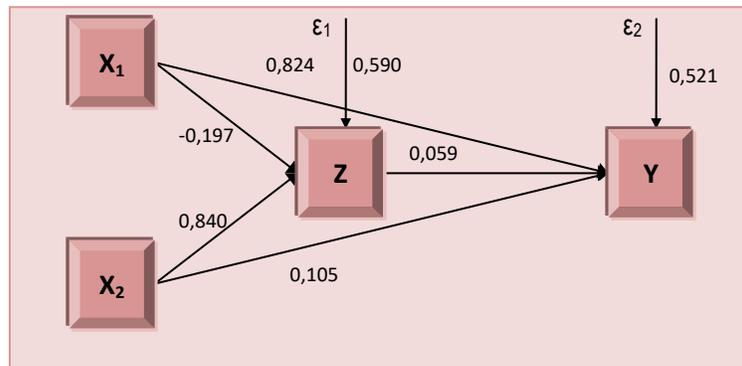


Figure 2
Variable influence

The magnitude of the error value of each independent variable on the dependent influence on the can through the following calculation:

$$e = \sqrt{1 - R \text{ square}^2}$$

$$e1 = \sqrt{1 - 0.6422} = 0.358$$

$$e2 = \sqrt{1 - 0.7622} = 0.238$$

Direct Impact

Table 6.
Direct Effect

| PENGARUH | SC. BETA (Koefisien Jalur) |
|--------------------------------|-----------------------------------|
| Effect of X ₁ for Z | -0,197 |
| Effect of X ₂ for Z | 0,840 |
| Effect of X ₁ for Y | 0,824 |
| Effect of X ₂ for Y | 0,105 |
| Effect of Z for Y | 0,059 |

1. The magnitude of the effect of variable locus of control (X1) to dysfunctional behavior (Z) directly at -0.197.
2. The magnitude of the effect of variable code of ethical conduct (X2) on dysfunctional behavior (Z) directly by 0.840.
3. The magnitude of the effect of variable locus of control (X1) to the reduction of audit quality (Y) directly by 0.824.
4. The magnitude of the effect of variable code of ethical conduct (X2) to the reduction of audit quality (Y) directly by 0.105.
5. The amount of influence dysfunctional behavioral variables (Z) to the reduction of audit quality (Y) directly by 0.059.

Indirect Effect

1. Locus of Control (X1) to the reduction of audit quality (Y) through dysfunctional behaviors (Z) as an intervening variable = $-0.197 \times 0.059 = -0.012$.

2. Code of ethical conduct (X2) to the reduction of audit quality (Y) through dysfunctional behavior as an intervening variable = $0.840 \times 0.059 = 0.049$.

DISCUSSION

Influence of Locus of Control (X1) To Dysfunctional Behavior (Z)

The test on locus of control (X1) to dysfunctional behavior (Y) shows the results as insignificant effect. This implies that the locus of control does not directly affect the dysfunctional behavior. This may be because the locus of control which appears within the individual is internal locus of control, which can motivate the auditor to work better so as to improve the quality of audits.

Locus of control has a role in reducing dysfunctional behavior auditor. Locus of control is different to reflect the diverse personal and different performance. Internal locus of control is liable to be successful in a career rather than external. They appear to have higher levels of work, promotion of faster and get more money. External locus of control is proportional to the acceptance of dysfunctional audit behavior. Auditors who are inclined to external locus of control will be more tolerate / accept the audit dysfunctional behavior.

The results of this study support the research Maryanti (2005) which states that the locus of control did not significantly influence the dysfunctional behavior of auditors and Dlefcourt (1982) states individuals with an internal locus of control believe that the success in life is within their control.

Influence of the Code of Ethical Conduct (X2) To Dysfunctional Behavior (Z)

The results are the direct testing of the code of ethical conduct (X2) on dysfunctional behavior (Y) shows significant influence. This means that the variable code of ethical conduct that is known by the auditor is incapable enough to prevent dysfunctional behavior. Although the code of ethical conduct is established by the Indonesian Institute of Accountants, that one auditor is expected follow, however does not stretch any effect to the reduction fraud among auditors.

An auditor should have good ethics in performing his duties. According to Harahap (2011: 17), ethics is the discipline that comes from the philosophy those talks about values and moral norms of behavior leads people in his life. Virtuous behavior is a necessity in a profession. While according to Haryono (2005: 28) Professional ethics cover the behavior of those professionals who designed both for practical purposes and for idealistic purposes. Similarly, the public accounting profession, the code of ethics of public accountants assigned to regulate the conduct of auditors in their work. Without ethics, the accounting profession will not be there for the accounting functions is a provider of information for business decision-making process of the business.

By upholding the code of ethical conduct expected no fraud among public accountants, so as to take a decision that actually audited in accordance with the financial statements presented by the company. Thus, an understanding of professional ethics public accountant has an obligation to avoid the occurrence of dysfunctional behavior auditor. This is not in conformity with the results of research conducted by Nyoman (2014) that the code of professional conduct negatively affects the auditor dysfunctional behavior.

Effect of Moral Literacy (X1) on the Reduction of Quality Audit (Y)

The results of this study showed a positive and significant relationship between moral literacy (X1) and the reduction of audit quality (Y). This means that the moral literacy is incapacitated to prevent the reduction of audit quality. This occurs because of the moral literacy that dominates the personality of an auditor that the individual believes that the events of his life are beyond its control. The auditor believes that his life is influenced by fate, luck and chance and trusts, the forces outside himself. So there wants to compromise reduction in audit quality.

Some previous studies indicate that an external locus of control has a positive effect on the acceptance of dysfunctional behavior audit and there is tendency to conduct audit quality reduction (Wijayanti 2007; Silaban, 2009). The phenomenon of audit quality reduction behaviors (Reduced Audit Quality / RAQ behaviors) is also increasingly occur. This raises a lot of attention to how the auditor Reduction of audit quality is described as "a reduction in the quality of the audit carried out deliberately by the Auditor" Suryanita (2006). Event audit quality reduction that occurs during this time one of them is not all procedures required audit, this action may affect the auditor's opinion is issued.

Influence of the Code of Ethical Conduct (X2) on the Reduction of Quality Audit (Y)

The results of this study showed that there is an insignificant relationship between code of ethical conduct (X1) and the reduction of audit quality (Y). Which means that the code of ethical conduct that is owned by the auditor to reduce audit quality reduction. Code of ethical conduct is implemented in the time of the audit on the audit tasks run in accordance with the rules established by the Indonesian Institute of Accountants.

Reduction of audit quality (RKA), also called "irregular auditing practice" (Willet and Page, 1996) in the auditing literature, is evidenced that the implementation of audit procedures in accordance with the audit program is not always their duties of auditors. Such actions directly decrease the quality of the audit because the auditor has chosen not to implement all phases of the audit program carefully and thoroughly. In the literature auditing, actions such as those mentioned above are classified as behavioral RKA (Pierce and Sweeney 2004). Thus the evidence gathered during the audit will be unreliable, incorrect or inadequate in quality and quantity. Such evidence does not have jurisdiction enough as a reasonable basis for the auditor in detecting errors and irregularities were adrift on the audited financial statements.

Results of research conducted by Suryanita et al (2006) on these behaviors indicate that a dilemma is there between cost (the cost inherent in the audit process) and quality, faced by auditors in the audit environment. On one hand, the auditor must meet professional standards that drive them to achieve audit quality at a high level, but on the other hand, auditor's face barriers cost / cost that makes them to have a tendency to degrade the quality of the audit. In line with research conducted by Herningsih (2001) found that lately the demands of cost efficiency and time lead to time pressure in the audit.

Influence of Dysfunctional Behavior (Z) on the Reduction of Quality Audit (Y)

The results of this study showed that there is an insignificant relationship between dysfunctional behavior (Z) and the reduction of audit quality (Y). This indicates that the presence of dysfunctional behavior has a negative effect on audit quality reduction.

This study shows that the higher the auditor dysfunctional behavior towards the reduction of the quality of their audit, there is time pressure and the pressure of budget, which lets the auditor degrade the quality of the audit

The results are consistent with previous studies conducted Suryanita, et al (2006) which states that the time pressure affects the premature termination on audit procedures. Higher the pressure of time given, the higher will be the likelihood of premature termination auditor on the audit procedures that lead to auditing quality reduction behavior and cause deterioration in the quality of audits. This study is also consistent with studies conducted (Qurrahman, 2012) that the time pressure affects the premature termination on audit procedures that gave rise to the audit quality reduction behavior. Such actions can directly affect the quality of the audit reports produced by the auditor, if one of the steps in the audit procedure is eliminated, then, the possibility of the auditor made the wrong judgment will cause the higher the audit quality decreases.

IMPLICATIONS

Practical, results of this study ensure benefits to the leadership of the firm in evaluating policies to create a conducive working environment for auditors in performing their duties. Work environment in the execution of tasks to mitigate the possibility of dysfunctional audit the auditor performs actions in the implementation of the audit program, and the next turn can improve the quality of audits produced KAP. Specifically, the empirical evidence of this study is expected to be useful as an input to the leadership of the firm in making decisions in areas such as establish internal control systems auditor's evaluation of personal performance, recruitment of new auditors, professional development programs, and dissemination of the values of ethics and professional purposes.

Theoretically, results of this study the behavioral accounting literature, especially the study of factors that influence the auditor's decision dysfunctional audit actions in the implementation of the audit program. Specifically, the results of this study are called upon to provide empirical evidence of the influence of the individual characteristics of auditors that locus of control and a code of conduct against ethical dysfunctional audit behavior.

CONCLUSION

The study extends following findings based on the research questions posed by the investigator. Based on the formulation of the problem, hypothesis, as well as the analysis and discussion of the research results, it can be concluded that: there is a negative influence on the locus of control of the dysfunctional audit behavior on the auditor in public accounting firm in Makassar; there is a positive impact on a code of ethical conduct to dysfunctional audit behavior on the auditor in public accounting firm in Makassar; there is a positive influence on the locus of control for the reduction of the quality audit at the auditor in public accounting firm in Makassar; there is a negative influence on the code of ethical conduct of the audit of the auditor quality reduction in the public accounting firm in Makassar and there is a negative influence on the behavior of dysfunctional audit the reduction of audit quality in an auditor in public accounting firm in Makassar.

SUGGESTIONS

Further research is expected to expand the research object and not only in the public accounting firms in Makassar but it can be applied on BPKP government auditors, government auditors at BPK (Supreme Audit

Agency), the Inspectorate of State, or Provincial Inspectorate in Makassar. For auditors who will carry out the task should get ample time to complete the work and moved away from the obstacles of time pressure to finish the job. For further research can incorporate other personal variables on the behavior of dysfunctional audit as auditors spiritual, emotional intelligence, job stress or leadership style.

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