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The influence of obedience pressure, independence, task complexity, and auditor experience on auditor judgment with auditee credibility as a moderating variable (Study at a public accounting firm in Medan, Indonesia)

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ABSTRACT

This research aims to analyze the influence of Pressure of Obedience, Auditor Independence, Task Complexity, and Auditor Experience on auditor's judgment with Auditee Credibility as a moderating variable in Public Accounting Firm in Medan. The population of this research is 12 Public Accounting Firm. This research is associative and data collection method is questionnaire method. Data analyze method in this research uses multiple linear regression method and residual test. The results showed that simultaneously Pressure of Obedience, Independence, Task Complexity, Experience Auditor significant effect on auditor's judgment. Partial test shows that the Pressure of Obedience has a significant effect on auditor's judgment, Independence has no significant effect on auditor's judgment, Task Complexity has a significant effect on auditor's judgment and Auditor Experience has a significant effect on auditor's judgment. Testing of moderating variables with residual tests showed that Auditee credibility is not proven as a moderating variable that can moderate the Pressure of Obedience, Independence, Task Complexity, and Auditor Experience on auditor's Judgment.

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1. INTRODUCTION

Indonesia's economic development so far has invited many investors, both foreign and local, to invest their funds in Indonesia and currently, Indonesia has also entered the MEA (Asean Economic Community) which can influence Indonesia's economic growth (Amalia & Lubis, 2021; Araminta & Halimi, 2015; Rüland, 2016). Economic growth in a positive direction encourages the growth and development of companies operating in Indonesia, along with these developments, the public accounting profession has become one of the professions in the spotlight in recent years. From this profession, interested parties expect a free and impartial assessment of the information presented by company management in financial reports (Braiotta Jr et al., 2010; Brown, 2020; Puttick & Van Esch, 2007). This cannot be separated from the auditor's role as an audit officer, that the auditor's assessment

of a company's financial statements can affect the company's survival. Auditors are responsible for increasing the level of reliability of the company's financial reports, so that reliable financial information can be obtained as a basis for decision making. The auditor's judgment in making decisions is influenced by the auditor's perception and consideration (auditor judgment) (Rautiainen et al., 2021; Samagaio & Felício, 2022).

There are several factors that influence the auditor's perception in responding to and evaluating information, including knowledge factors, auditor behavior in obtaining and evaluating information, as well as the complexity of the task in carrying out the audit. Auditors also face their own difficulties when examining financial reports. Some of the difficulties that arise can come from the work itself, for example work pressure, inadequate human resources or task uncertainty. The difficulties faced by auditors result in a lack of consensus among auditors and inaccuracies in the performance of auditor judgment, resulting in a decline in the quality of auditor judgment (ATMADJA et al., 2021; Jayawarsa et al., 2021; Saputra et al., 2019), and another component that also influences auditors in carrying out their duties is an auditor's judgment. Judgment is needed when dealing with uncertainty and limited information and data obtained, and examiners are required to be able to make assumptions that can be used to make judgments and evaluate judgments. Judgment is a cognitive process which is behavior in determining decisions (Jussupow et al., 2021; Sahu et al., 2020; Takemura, 2021). Well-known audit research bodies have demonstrated that a number of individual level factors are proven to influence an auditor's decision (Fagbemi, 2020; Harvin & Killey, 2021), and auditor judgment is a consideration of an auditor and depends on the individual's perception of a situation. Apart from that, the results of previous research cannot yet be generalized, so additional empirical evidence is needed regarding the factors that can influence auditors in making a judgment. This encourages researchers to examine more deeply the factors that influence and moderate auditor judgment, especially among auditors in public accounting firms.

According to Datar & Rajan (2021) audit procedures are the actions taken or methods and techniques used by auditors to obtain and evaluate audit evidence. Audit procedures are divided into: 1. Analytical Procedures; this procedure consists of studying and comparing data that has a relationship. In this procedure, financial and non-financial data are used to produce analytical evidence, 2. Inspecting; this procedure carries out careful examination of documents, records, physical examination of tangible sources, 3. Confirming ; this procedure is carried out through asking questions that allow the auditor to obtain information directly from independent sources outside the client organization, 4. Asking Questions (Inquiring); this procedure is carried out verbally and in writing to internal sources within the company, such as management and employees, 5. Counting; this procedure is carried out by physically counting tangible goods and counting documents with printed serial numbers, 6. Tracing; this procedure is carried out by tracing information from the time the data was first recorded in the document to tracking the processing of that data in the accounting process, 7. Matching to documents (Vouching); this procedure is carried out by matching documents to detect the occurrence of above-mentioned recordings in the accounting records, 8. Observing (Observing); this procedure is carried out by looking at the implementation of a number of activities or processes that occur within the company, 9. Reperforming (Reperforming); this procedure is carried out by recalculating and making a reconciliation that has been carried out by the client/company,10. Computer assisted audit techniques; this procedure is carried out if the company maintains accounting records in electronic media, and the judgment process depends on the arrival of information as a process unfolds. The arrival of information not only influences choices, but also influences the way those choices are made. In carrying out in-depth audit procedures, the auditor makes various judgments that influence the documentation of evidence and the auditor's opinion decision. (Hamdani, 2012), from research that has been carried out previously regarding the influence of contingent variables on auditor judgment, it can be seen that there are several variables that influence and tend not to influence auditor judgment. Apart from that, the results of previous research cannot be generalized, so additional empirical evidence is needed regarding the factors that can influence auditors in making an auditor's judgment. Therefore, researchers conducted research with the

independent variables namely obedience pressure, independence, task complexity, and auditor experience on auditor judgment with auditee credibility as a moderating variable with the aim of providing additional empirical evidence regarding the factors that influence auditor judgment, based on the research and concepts described above, it can be seen that the conceptual framework model of this research is as follows ;

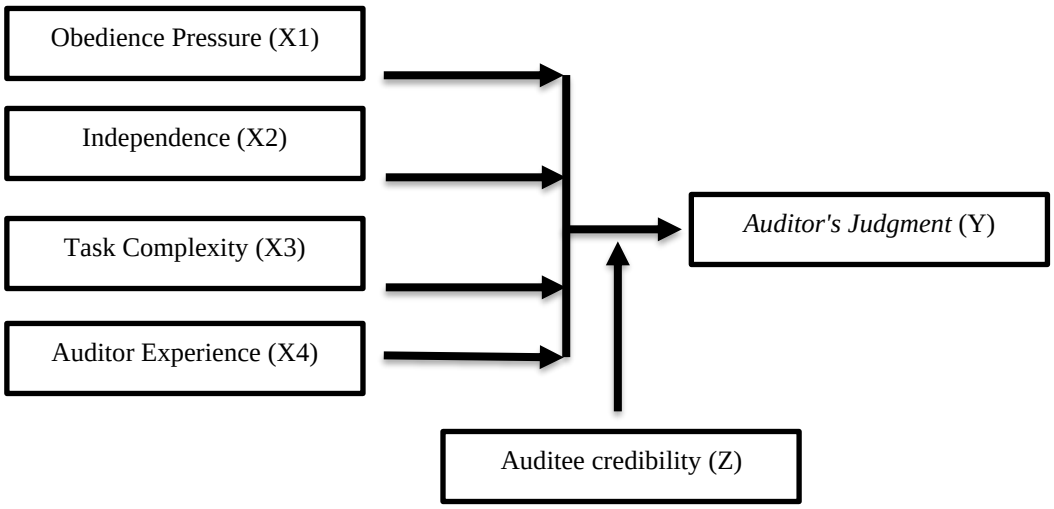

Figure 1. Research framework

2. RESEARCH METHOD

Obedience pressure has a significant effect on the judgments made by auditors because if an auditor is pressured by superiors to deviate, then the judgments issued tend to be inaccurate (Aida, 2021; Megawaty et al., 2022). An auditor must have an independent attitude in formulating and making judgments. This is in line with Kartika & Pramuka (2019) that independence can also be interpreted as the auditor's ability to take an unbiased point of view in the implementation of professional services. This means that the higher the level of independence of an auditor, the better the judgment made. Apart from that, when making judgments, an auditor is also influenced by the complexity of the task. According to Griffith (2021) states that task complexity can be used as a tool to improve the quality of work results. Furthermore, Abdolmohammadi and Wright (1987) in Yustrianthe (2012) explained that someone who has knowledge of the complexity of tasks will be more expert in carrying out inspection tasks, thereby reducing the level of errors, mistakes, irregularities and violations in carrying out tasks. Meanwhile, according to Yustrianthe (2012), the more experienced an auditor is in his field, the auditor is considered to have more knowledge in identifying relevant and irrelevant evidence or information to support audit assignments, including in making judgments.

Based on the description above, the research hypothesis is formulated as follows; H1: The pressure of obedience, independence, task complexity, and auditor experience influence auditor judgment both partially and simultaneously at Public Accounting Firms in Medan, apart from that, according to Goodwin & Jasper (1999) and Peecher (1996) in Rizkiyana et al (2013) states how an auditee's credibility will influence the evaluation of existing evidence. When credibility is operationalized as a form of competence or skill, objectivity, and/or integrity, the final results obtained provide an indication that the auditor will feel that evidence obtained from a reliable source will be more reliable, more logical, and provide greater diagnostic value. higher than the same information obtained from sources with less reliable credibility, based on the description above, the research hypothesis is formulated as follows H2: Auditee credibility can moderate the pressure of obedience,

independence, task complexity, and auditor experience on auditor judgment, and this research uses 2 (two) analysis techniques, namely multiple linear regression analysis and moderated regression with residual tests. Testing for the main hypothesis uses multiple linear regression analysis techniques, while testing the moderating effect uses moderated regression analysis with residual tests.the equation is as follows;

a. Model for the first hypothesis (H1)

$$Y = a + b0 + b1X1 + b2X2 + b3X3 + b4X4 + e \quad (1)$$

b. Model for hypothesis two (H2)

$$Z = a + b0 + b1X1 + b2X2 + b3X3 + b4X4 + e \quad (2)$$

$$e\ | = b0 + b5Y \quad (3)$$

information ; Y = Auditor's judgment, a = Constant coefficient, b1-b5 = Regression coefficient, x1 = Obedience pressure, x2 = Independence, x3 = Task complexity, x4 = Auditor Experience, Z = Auditee credibility, e = Error term, | e | = Absolute residual value.

2.1 Hypothesis testing I

Simultaneous significance test (F test), to test the hypothesis simultaneously is carried out with the F test. This test is carried out to see whether or not there is an influence between the independent variables as a whole on the dependent variable. This F test uses α 5%. The F table value can be seen using the F table, the hypothesis for the F statistical test is as follows: H1: b1, b2, b3 ≠ 0, pressure for obedience, independence, task complexity simultaneously have a significant effect on auditor judgment, the basic provisions are: 1. If F count > F table or sig value. < 0.05, then H0 is accepted, 2. If F count < F table or sig value. > 0.05, then H0 is not accepted.

The test significance of individual parameters (t test), to test the hypothesis partially, a test is carried out. This test was carried out to see the partial influence between the independent variable and the dependent variable. This test was carried out to see the level of significant influence based on α 5%. The t table value can be seen using the t table. The hypothesis for the t statistical test is as follows: H1: b ≠ 0, obedience pressure, independence, task complexity, and auditor experience partially influence auditor judgment, the basic provisions are: 1. If t count > t table or sig value. < 0.05, then Ho is accepted. 2. If t count < t table or sig value. > 0.05, then Ho is not accepted.

2.2 Hypothesis testing II

Residual test, carried out to test the second hypothesis (H2) with moderating variables. The reason the research uses the residual test is to avoid multicollinearity. This residual analysis is to test the influence of deviation from a model. This can be seen from the discrepancy in the deviation of the linear relationship between the independent variables which is shown by the residual value in the regression. The hypothesis is as follows: H1: Z ≠ 0, then auditee credibility can moderate the relationship between obedience pressure, independence, task complexity, and auditor experience with auditor judgment. According to Ghozali & Cahyono (2001), the criteria used to conclude whether a variable can be said to be a moderating variable are: 1. If the coefficient of the dependent variable parameter is negative and 2. If the result is significant or smaller than 0.05.

3. RESULTS AND DISCUSSIONS

Data collection in this research was obtained by distributing questionnaires to respondents by visiting the sampling location directly. The population of this research is Public Accounting Firms in Medan. The process of distribution and data collection was carried out over a period of 2 months from November to December 2022. There were 50 questionnaires distributed and 38 questionnaires were returned, among the 38 questionnaires returned there were 5 questionnaires that could not be processed due to filling out the questionnaires. which is incomplete, the complete distribution of questionnaires in this study is presented in table 1

Table 1. Distribution of questionnaires

Description	Number of Questionnaires	Percentage (%)
Distribution of questionnaires	50	100
Unreturned questionnaires	12	24
Returned questionnaire	38	76
Processable questionnaire	33	66

3.1. Data Quality Test Results

From the results of the correlation calculation, a correlation coefficient will be obtained which is used to measure the level of validity of an item and to determine whether an item is suitable for use or not. The SPSS program used is SPSS ver. 19, the testing technique used by researchers to test validity is Bivariate Pearson correlation (Pearson Moment Product) and Corrected Item-Total Correlation. Where the critical number limit (α) is 0.05 (5%), test criteria by comparing the calculated r with the r table, 1. If r count > r table (degree of freedom) then the instrument is considered valid, 2. If r count < r table (degree of freedom) then the instrument is considered invalid (drof), so the instrument cannot be used in research, 3. according to Ghozali (2001) r table or degree of freedom (df) = n-2, in this case (n) is the number of samples, namely 33-2=31 (see r table at df =31 with 2-sided test).

3.2. Obedience Pressure

Table 2 below presents the results of the validity test on the obedience pressure variable question items.

Tabel 2. Obedience Pressure Validity Test

Description	R Count	R table	information
Question -1	0,777	0,34	Valid
Question -2	0,796	0,34	Valid
Question -3	0,525	0,34	Valid
Question -4	0,814	0,34	Valid
Question -5	0,740	0,34	Valid
Question -6	0,781	0,34	Valid
Question -7	0,769	0,34	Valid
Question -8	0,549	0,34	Valid
Question -9	0,518	0,34	Valid

Based on the test results in table 3.2 above, the nine question items produce an r-count that is greater than the r-table. So the question is able to measure obedience pressure. Based on this, the question item variable X1 can be concluded to have passed the validity test.

3.3. Reliability Test

Reliability testing is used to determine the consistency of the measuring instrument, whether the measuring instrument used is reliable and remains consistent if the measurement is repeated. Calculations are carried out in the SPSS 19 program, the method often used is the "Cronbach's Alpha" method. According to Nunally in Ghozali (2001), interpreting reliability is generally used as follows: Test reliability ≥ 0.70 means the test results have good reliability.b. Test reliability ≤ 0.70 means that the test results have poor reliability. The results of the reliability test can be seen in table 3.

Tabel 3. Reliability Test Results

No	variabel	Cronbach Alpha	Criteria	Information
1	Obedience pressure	0,861	0,7	Reliable
2	Auditor independence	0,921	0,7	Reliable
3	Complexity of tasks	0,817	0,7	Reliable

4	Auditor experience	0,742	0,7	Reliable
5	Auditee credibility	0,842	0,7	Reliable
6	*Auditor's judgment*	0,897	0,7	Reliable

3.4. Residual Test

Testing of moderating variables can be done with residual tests and the moderating variable is auditee credibility. The results of the test equation steps for the dependent variable auditee credibility and the independent variables pressure for obedience, independence, task complexity and auditor experience in this research can be seen in table 3.4 below :

Tabel 4. Regression Results for Variables Z and X Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,008	2,864		,003	,998
	Obedience Pressure (X1)	-,086	,043	-,184	-1,996	,056
	Independence (X2)	,169	,052	,330	3,228	,003
	Task Complexcity (X3)	,138	,052	,235	2,648	,013
	Auditor Experience (X4)	,561	,071	,750	7,848	,000

a. Dependent Variable: Kredibilitas *Auditee* (Z)

The model that can be developed from the results of this hypothesis research is:$Z = -0{,}008 - 0{,}086X1 + 0{,}169X2 + 0{,}138X3 + 0{,}561X4$, this model was developed to obtain residual values from moderating variables. The absolute value (|e|) of the residual from this model is used as the dependent variable and auditor judgment as the independent variable.

The results of hypothesis testing show that partially obedience pressure has a negative and significant effect, which means that high obedience pressure from superiors and the entity being examined will tend to reduce judgment. Among other reasons, the reason for this decrease in judgment is that auditors tend to be overshadowed by feelings of worry that the auditee being audited will move to another KAP, if the auditor does not comply with their wishes. This makes the auditor deviate from the auditor's professional standards so that the judgment produced by the auditor becomes less precise. The results of this research are in line with Jamilah (2007), namely that the influence of obedience pressure on the judgment made by the auditor was found. In accordance with the X and Y motivation theory, an auditor who is under pressure to obey will have the potential to become an auditor of type X or Y. An auditor with type As a result, auditors are unable to make good and appropriate judgments.

4. CONCLUSION

The results of hypothesis testing show that partially auditor independence has a positive and insignificant influence on auditor judgment. Among other things, the reason that auditor independence has no significant effect on judgment is that the research instruments that measure the auditor independence variable do not fully describe the auditor's independent attitude. It would be better if the auditor's independent attitude can be concretely proxied from the derivative of the auditor's mental attitude, namely the length of relationship with the auditee, pressure from the auditee and leadership, operational standards for conducting audits or it can be done by direct interviews with respondents so that researchers can ensure that respondents understand the instruments presented. Unlike what is stated in McGregor's theory of and don't deviate. On the other hand, if an auditor is not guided by the principle of independence then they can be grouped into an auditor of type The results of this research are in line with research conducted by Tjun et.al (2012). Based on the results of data analysis and discussions that have been carried out, this research produces several conclusions as

follows: 1. Based on the results of simultaneous testing, obedience pressure, auditor independence, task complexity, and auditor experience have a significant influence on auditor judgment, 2. Based on partial test results, obedience pressure has a negative and significant effect on auditor judgment, independence has a positive and insignificant effect on auditor judgment, task complexity has a negative and significant effect on auditor judgment, auditor experience has a positive and significant effect on auditor judgment, 3. Auditee credibility cannot moderate the variables of obedience pressure, auditor independence, task complexity, and auditor experience on auditor judgment. For future research development, it is recommended to consider a more comprehensive approach to auditor independence, perhaps through the use of more detailed methods in measuring auditor independence, including involving direct interviews with respondents. In addition, it is also necessary to consider the influence of external factors such as audit regulations and ethics that can affect auditor independence. In addition, it is important to expand the scope of the study by considering variations in the audit context, such as different industries or types of audits. Finally, future research can further explore the role of audit credibility in linking the variables of auditor independence, obedience pressure, task complexity, auditor experience, and auditor judgment. This will provide greater insight into the factors that influence auditor judgment in diverse audit contexts.

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