

MITIGATING DYSFUNCTIONAL AUDIT BEHAVIOR: ANALYSIS OF ORGANIZATIONAL COMMITMENT, AUDITOR PERFORMANCE AND TURNOVER INTENTION

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ABSTRACT

Public accounting firms are expected to increase audit quality with mitigating dysfunctional behavior. Understanding what causes dysfunctional audit behavior is critical for public accounting firms. The purposes of this study are to investigate the effects of organizational commitment on auditor acceptance of dysfunctional audit behavior through turnover intention and auditor performance. The Partial Least Square analysis was applied to a questionnaire survey data from 129 auditors working in public accounting firms in Sumatera Island (Indonesia). Results indicate that auditors who are more accepting of dysfunctional audit behavior tend to possess an exhibit higher turnover intention, report lower level of auditor performance and weak organizational commitment. Further analysis found that turnover intention and auditor performance mediate the effect of organizational commitment on auditor acceptance of dysfunctional audit behavior.

Keywords: auditor acceptance of dysfunctional audit behavior, organizational commitment, turnover intention, and auditor performance.

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INTRODUCTION

Auditors are responsible for planning and implementing audits appropriately (Arens et al., 2012). Audit planning is needed to ensure that the opinions of audited financial statements are free of material misstatements and errors. An unqualified opinion can be given if the auditor believes that the supporting evidence has been collected according to the procedures established (Arens et al., 2012; Angkoso et al., 2014). To obtain audit quality, auditors should comply with all of the audit programs and audit procedures properly (Malone and Roberts, 1996). However, Angkoso et al. (2014) found that auditors do not perform audit procedures that have been established. In fact, research shows dysfunctional audit behavior such as premature sign-off, underreporting of time and altering /replacement of audit procedures performed by the auditor can certainly decrease audit quality (Donnelly et al., 2003a). Dysfunctional audit behavior is a violation of audit programs and audit procedures that have been established (Donnelly et al., 2003a). Dysfunctional audit behavior is a very important issue for the public accounting firms because it can reduce audit quality and even cause the failure of audits. Prior research has shown that dysfunctional audit behavior shown by auditors such as underreporting of time (Smith and Marguerite, 1995). Underreporting of time is the time required to report the audit activity made shorter than the actual time (Kelley and Margheim, 1990). Studies showed that auditors complete the audit assignment by using personal time in public accounting firms (Smith and Marguerite, 1995; Donnelly et al., 2003a; Outley and Pierce, 1996). Donnelly et al. (2003a) reported that more than 50% of AICPA members confessed to sign off on audit step or conduct an audit below the standard quality. The survey on senior auditors in six large public accounting firms in Ireland also showed that 89% of respondents reported some form of audit quality reduction behaviors (eg premature sign off) and estimate that an average of 12.2% forms of deviations are reported and a total audit time with a shorter time than the actual time (Outley and Pierce, 1996). Research conducted by Alkautsar (2014) in Indonesia also indicates that 8 public accountants (AP) and the public accounting firms were given a business license suspension by the finance minister because they were not following auditing standards (GAAS). In addition, prior studies also showed that dysfunctional audit behavior is caused by personal characteristics of auditors.

Auditors' personal characteristics such as organizational commitment, auditor performance, and turnover intention cause auditors to commit dysfunctional audit behavior (Donnelly et.al, 2003a; Kelly and Margheim, 1990). Paino et al. (2012) found that auditors with weak organizational commitment are likely to accept dysfunctional audit behavior. While Donnelly et al. (2003a) and Paino et al. (2014) also found that auditors with low performance tend to accept dysfunctional audit behavior. Furthermore, research by Paino et al. (2014), found that auditors who have a tendency to accept dysfunctional audit behavior are auditors who have a high desire to leave the organization.

Previous research (Outley dan Pierce, 1996; Donnelly et al., 2003a; Donnelly et al., 2003b; Paino et al., 2012; Paino et al., 2014) showed that auditors with strong organizational commitment would have high performance and a low desire to leave the organization. Furthermore, auditors who have a high performance and low turnover intention were less likely to accept dysfunctional audit behavior. Hence it is predicted that auditors with strong organizational commitment were less likely to accept dysfunctional audit behavior. In line with prior research, it is predicted that auditors with strong organizational commitment would also have a higher performance and lower turnover intention. As a consequence, the auditors will not accept dysfunctional audit behavior. Therefore, from these studies, it can be predicted that auditor performance and turnover intention are mediating variables between organizational commitment and dysfunctional audit behavior.

The purpose of this study was to examine factors contributing to auditor acceptance of dysfunctional audit behavior, such as organizational commitment, auditor performance, and turnover intention. Specifically, this study aimed to investigate the effects of organizational commitment on auditor acceptance of dysfunctional audit behavior through turnover intention and auditor performance. The results of this study are expected to enhance our understanding about the negative effect of dysfunctional audit behavior, therefore premature sign-off, underreporting of time and altering or replacing audit procedures will be hindered.

The remainder of the paper is organized as follows. The next section (Section 2) will present the relevant literature and hypotheses. This will be

followed by the research method in Section 3, Data analysis, results and discussion in Section 4. The last section (Section 5) provides conclusions, limitations and suggestions for future research.

LITERATURE REVIEWS AND HYPOTHESES

Organizational Commitment and Auditor Acceptance of Dysfunctional Audit Behavior

Organizational commitment is the relative strength of an individual to an organization's identification and involvement in a particular organization (Mowday et al., 1979). Three factors involved in the organization, which are a definite confidence and acceptance of the values and goals of the organization; willingness to bend over backward for the interest of the organization; and a strong desire to remain as a member of the organization (Mowday et al., 1979; Mindarti and Elen, 2014). Auditors with strong organizational commitment want the organization to succeed (Paino et al., 2012). Auditors who have a strong commitment will expend effort on behalf of the organization even when such effort do not directly contribute to compensation or career opportunities for the auditor (Donnelly et al., 2003b). If such auditors view certain behaviors as dysfunctional audit behavior, they may be less accepting of these activities or these behavior (Donnelly et al., 2003a). Conversely, auditors with weak organizational commitment may be more interested in pursuing self-interest rather than organizational interests. Thus, auditors possessing lower levels of organizational commitment are more likely to view dysfunctional audit behavior as acceptable for the purpose of self-promotion (Anugerah et al., 2016a; Donnelly et al., 2003b). This discussion leads to the following hypothesis:

H₁: Organizational commitment has a negative effect on auditor acceptance of dysfunctional audit behavior.

Auditor Performance and Auditor Acceptance of Dysfunctional Audit Behavior

Auditors with low performance will be more difficult to get a chance to survive in a business environment with their own auditing work. They look at dysfunctional audit behavior as a means to keep a job. Dysfunctional audit

behavior occurs in situations where individuals feel that they do not have the ability achieve a specified performance or results expected by the supervisor (Donnelly et al., 2003a). Individuals who show a substandard performance or who are not in accordance with the expectations of supervisors are more likely to accept and perform dysfunctional audit behaviors. This behavior is carried out because they are not able to get the support needed to survive in the organization through their own efforts. While individuals who have performed according to expectations supervisors will likely not accept a dysfunctional audit behavior (Mindarti and Elen, 2014). Individuals with a high performance will strive to implement work in accordance with the standards and procedures specified because they believe individuals with a high performance are more likely to survive in the work and even be promoted to a higher position (Anugerah et al., 2016a). The following hypothesis was tested:

H₂: Auditor performance has a negative effect on auditor acceptance of dysfunctional audit behavior.

Turnover Intention and Auditor Acceptance of Dysfunctional Audit Behavior

Malone and Roberts (1996) suggest that auditors with an intention to leave the firm would be more willing to engage in dysfunctional behaviors due to the decreased fear of possible termination if the behavior was detected. Furthermore, individuals intending to leave the firm are arguably less likely to be concerned with the potential adverse impact of dysfunctional behaviors on performance appraisal and promotion (Aranya and Ferris, 1984). Thus, auditors possessing higher turnover intentions may be more accepting of dysfunctional behaviors. This leads to the following hypothesis:

H₃: Turnover intention has a positive effect on auditor acceptance of dysfunctional audit behavior.

Incorporating the interrelationships among organizational commitment, auditor performance and turnover intention can provide a better understanding of the complex cause of auditor acceptance of dysfunctional audit behavior. Thus, a discussion of these impact follows.

Organizational Commitment and Auditor Performance

Numerous studies have viewed organizational commitment as an antecedent to performance. Highly committed employees perform better than less committed ones (Mowday et al., 1979). Performance exhibited by junior-level professional accountants, are in part affected by their level of organizational commitment (Donnelly et al., 2003a). Auditor performance is, in part, a function of organizational commitment (Donnelly et al., 2003a). In the current study, auditors with greater organizational commitment are expected to exhibit better performance. Thus, the following hypothesis is thus proposed:

H_{1a}: Organizational commitment has a positive effect on auditor performance

Organizational Commitment and Turnover Intention

Organizational commitment has often been used as an antecedent in studies predicting withdrawal behaviors. Mowday et al. (1979) predicted and found that the strongest and most predictable behavioral consequence of organizational commitment was lower turnover rates. Results of the Mathieu and Zajac (1990) meta-analysis illustrate that organizational commitment is positively associated with attendance and negatively associated with lateness and turnover. In addition, organizational commitment demonstrated a larger association with turnover-related intentions, including intention to leave one job (Donnelly et al., 2003a). Therefore, the following hypothesis is proposed:

H_{1b}: Organizational commitment has a negative effect on turnover intention.

Auditor Performance and Turnover Intention

Performance as a cause of turnover of employees has received a lot of attention (Donnelly et al., 2003a; Paino et al., 2014). For example, the work being done by auditors that did not result in good performance, will raise a conflict with a boss or a senior auditor for the work performed. If the conflict cannot be resolved, the auditor will tend to have a desire to get out from the office of a public accountant. But this does not rule out someone who has a good performance has a great opportunity and possibility for

turnover (Donnelly et al., 2003a). Recent studies have shown that this is not possible, the fact that individuals performing well are more likely to be promoted and remain in the organization than the ones showing bad performance (Vecchio and Norris, 1996; Dreher, 1982; Donnelly et al., 2003a; McEvoy and Cascio, 1987). Based on these findings, it is expected that performance will be inversely related to turnover intentions. Thus, the following hypothesis is proposed:

H_{2a}: Auditor performance has a negative effect on turnover intention.

In summary, based on the discussion above, organizational commitment is expected to be negatively related to auditor acceptance of dysfunctional audit behavior. In addition, organizational commitment is also expected to be positively related to auditor performance and to be negatively related to turnover intention. In turn, auditor performance is expected to have a negative effect and turnover intention is expected to have a positive effect with auditor acceptance of dysfunctional audit behavior. These relationships therefore suggest that the effects of organizational commitment on auditor acceptance of dysfunctional audit behavior may be indirect through auditor performance and turnover intention. Thus, the following hypotheses were tested:

H_{1c}: Organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through auditor performance.

H_{1d}: Organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through turnover intention.

H_{1e}: Organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through auditor performance and turnover intention.

RESEARCH METHOD

Data Collection

Data was collected using a survey questionnaire sent to a total of 344 auditors in Sumatera Island (Indonesia). Of the 344 surveys distributed, respondents returned a total of 129 usable surveys for an effective response

rate of 37.50 percent. A demographic analysis of the respondents revealed that most respondents were male (57.36 percent); they had worked in public accounting firms, on average, for 5.24 years (range 1–30 years); which consisted of as partners, managers, supervisors, senior auditors and junior auditors.

Instruments

The variable was measured by instruments that had been previously developed and used (Anugerah et al., 2016a; Donnelly et al., 2003a; Mowday et al., 1979; Paino et al., 2014; Paino et al., 2012). The instrument was constructed using a seven-point Likert-type scale ranging from 1 = strongly disagree to 7 = strongly agree. Organizational commitment (OC) was measured using a summed total of 9-item Mowday et al.'s (1979). Sample items include “I found that my values and my organization’s values are similar”, “For me, this is the best of all possible organizations for which for work”, and “I talk up to my friends as a great organization to work for.”

Auditor performance (AP) was measured using the instruments modified by Donnelly et al. (2003a). Respondents were asked to evaluate their individual performance with regard to six performance dimensions, including planning, investigating, coordinating, supervising, representing and staffing. Sample items includes “My performance with regard to planning (i.e. determining goals and policy, budgeting, preparing agendas)”, “My performance with regard to investigating (i.e. collecting and preparing information, financial report, inventorying), and “My performance with regard to representing (i.e. advancing general organizational interest).”

Accounting studies have used somewhat different measure of employee turnover intention (TI) (Scandura and Viator, 1994). Given the promotion/tenure characteristic of the public accounting profession, the current study captured respondents’ immediate turnover intention and their long-term intent (Donnelly et al., 2003a). A summed three-item turnover intentions scale assessed the respondent’s immediate turnover intentions (within 2 years), middle term turnover intentions (within 5 years), and long-term intentions (until retirement). This multi-period approach is supported by prior literature in auditing studies (Donnelly et al., 2003a; Paino et al., 2014). Sample items include “I plan to remain with my current organization

until I retire”, and “I plan to remain with my current organization I for at least two more years.”

Auditor acceptance of dysfunctional audit behavior (DAB) measured through three major types of dysfunctional audit behavior deemed harmful to audit quality were used: premature sign-off, underreporting of time and altering/replacement of audit procedures (Kelley and Margheim, 1990; Donnelly, et al., 2003a). A 12-item, three-part dysfunctional audit behavior instrument was used to measure how accepting an auditor was to the various forms of dysfunctional behavior (Donnelly et al., 2003a; Paino et al., 2014; Paino et al., 2012). Sample items included “I am more accepting of auditors engaging in premature sign-off if on previous audits there were no problems with this part of the client system/records”, “I am more accepting of auditors underreporting their time if it improves their performance evaluation”, and “I am more accepting of auditors altering/replacing audit procedures if they do not believe the original procedure would find anything wrong.”

Analysis, Result and Discussion

To test the hypotheses, a structural equation modeling with partial least squares (PLS-SEM) approach was employed because the study had a small sample size and exploratory in nature (Hair et al., 2014). However, PLS can also be used for confirmation of theory (Chin, 1998). The application of the PLS model was done two steps (Abdillah et al., 2016; Anugerah et al., 2016). Firstly, the reliability and validity of the measurement model was assessed. Secondly, the structural model itself was assessed (Chin, 1998; Hulland, 1999; Hair et al., 2012; Hair et al., 2014). In this study we used the WarpPLS 5.0. software.

Measurement Model Analysis

The measurement model analysis was used to evaluate the relationship between measures and constructs by assessing the reliability and validity of measures (indicators) relating to specific constructs. The first step is using composite reliability to evaluate the construct measures’ internal consistency reliability. As shown in Table 1, the composite reliability for each variable was above 0.70, which demonstrated that each variable had an acceptable reliability (Hulland, 1999; Hair et al., 2012; Hair et al., 2014).

Table 1: Reliability and AVE and Correlation

Variable	Composite reliability	AVE	Correlation			
			OC	AP	TI	DAB
OC	0.974	0.807	0.898			
AP	0.979	0.872	0.802	0.934		
TI	0.984	0.955	-0.798	-0.802	0.977	
DAB	0.993	0.926	-0.802	-0.771	0.808	0.962

Note: Diagonal elements are the square root of the AVE statistics. Off-diagonal elements are the correlation between the latent variable calculated in PLS

The second step is the assessment of validity. Construct validity was assessed in terms of convergent validity and discriminant validity. Convergent validity was assessed using factor loading and the average variance extracted (AVE). As shown in Table 2 factor loading of all the instruments in the model were greater than 0.70 and the AVE values for all the constructs were above 0.50. The result demonstrated an acceptable convergent validity (Hair et al., 2012; Hair et al., 2014).

Discriminant validity assesses whether a construct shares more variance with its measures than with other constructs. It is evaluated by comparing the square root of AVE compared to the correlations among the latent constructs (Chin, 1998; Hair et al., 2012; Hair et al., 2014). When the square root of AVE of a construct is greater than the correlation between the construct with another construct, it is deemed valid. As shown in Table 1 the square roots of the AVE were all greater than the respective correlation between constructs. The results demonstrated adequate discriminant validity. Overall, the result from the PLS measurement model indicated that each construct exhibited satisfactory reliability and validity (Chin, 1998; Hulland, 1999; Hair et al., 2012; Hair et al., 2014).

Structural Model Analysis

The structural model was used to test the hypotheses, particularly to examine whether the effect of organizational commitment on auditor acceptance of dysfunctional audit behavior is direct or indirect (i.e. mediated by turnover intention and auditor performance). The PLS structural models of the relationship are shown in Table 2.

Table 2: Path Analysis Result

	Expected sign	Path coefficient	SD	Sig. p-value
OC → DAB	-	-0.349	0.081	$p < 0.001$
AP → DAB	-	-0.185	0.084	$p < 0.01$
TI → DAB	+	0.382	0.080	$p < 0.001$
OC → AP	+	0.802	0.073	$p < 0.001$
OC → TI	-	-0.434	0.079	$p < 0.001$
AP → TI	-	-0.382	0.080	$p < 0.001$

The results presented in Table 2 indicate that organizational commitment has a significant negative effect on auditor acceptance of dysfunctional audit behavior ($\gamma = -0.349, p < 0.001$). This supports H1 which stated that organizational commitment has a negative effect on auditor acceptance of dysfunctional audit behavior. The results are consistent with research conducted by Donnelly et.al (2003b) which shows that organizational commitment owned by an auditor negatively affects dysfunctional audit behavior. This indicates that auditors who have a strong organizational commitment will be less likely to demonstrate a dysfunctional audit behavior, whereas, auditors who have a low organizational commitment will tend to demonstrate dysfunctional audit behavior.

A significant negative effect was observed for auditor performance on auditor acceptance of dysfunctional audit behavior ($\beta = -0.185, p < 0.01$). This support H2 which stated that auditor performance has a negative effect on auditor acceptance of dysfunctional audit behavior. A notable finding was the fact that employee performance was a significant variable ($p = 0.01$ at the 5 percent level) for an acceptance to prematurely sign-off, underreporting of time and altering audit procedures. This finding appears to suggest that dysfunctional audit behavior is acceptable when a high employee self-rated performance is concerned. The results from this hypothesis indicate that self-reported, high performance is associated with higher acceptance of dysfunctional behavior.

A significant positive effect was observed for turnover intention on auditor acceptance of dysfunctional audit behavior ($\beta = 0.382, p < 0.001$). This support H3 which stated that turnover intention has a positive effect on auditor acceptance of dysfunctional audit behavior. This study found

that individuals intending to leave the firm are arguably less likely to be concerned with the potential adverse impact of dysfunctional behaviors on performance appraisal and promotion (Aranya and Ferris, 1984). Thus, auditors possessing higher turnover intentions may be more accepting of dysfunctional audit behaviors.

The finding of the direct effect of organizational commitment on auditor acceptance of dysfunctional audit behavior reveals a positive effect as predicted in the hypothesis (H1). This study also extended the analysis on organizational commitment by demonstrating the indirect effect of organizational commitment. These indirect effects may reflect the influence auditor performance and turnover intention have on organizational commitment with regard to auditor acceptance of dysfunctional audit behavior. A significant positive impact of organizational commitment on auditor performance was found ($\gamma = 0.802, p < 0.001$). This supports H1a which stated that organizational commitment has a positive impact on auditor performance. The results are consistent with Mowday et al. (1979) that highly committed employees perform better than less committed ones.

A significant negative effect of organizational commitment on turnover intention was found ($\gamma = -0.434, p < 0.001$). This support H1b which stated that organizational commitment has a negative effect on turnover intention. Organizational commitment demonstrated a larger association with turnover-related intentions, including intention to leave the job (Donnelly et al., 2003a). These findings suggest that auditors who have a strong commitment to the organization will tend to survive than auditors who have low commitment.

In addition, auditor performance has a significant negative effect on turnover intention ($\beta = -0.382, p < 0.001$). This supports H2a which stated that auditor performance has a negative effect on turnover intention. This finding is consistent with research conducted by Paino et al. (2014) that auditors who exhibit higher levels of performance will be promoted, while those who are unable to attain minimum performance standards are eventually out of the organization.

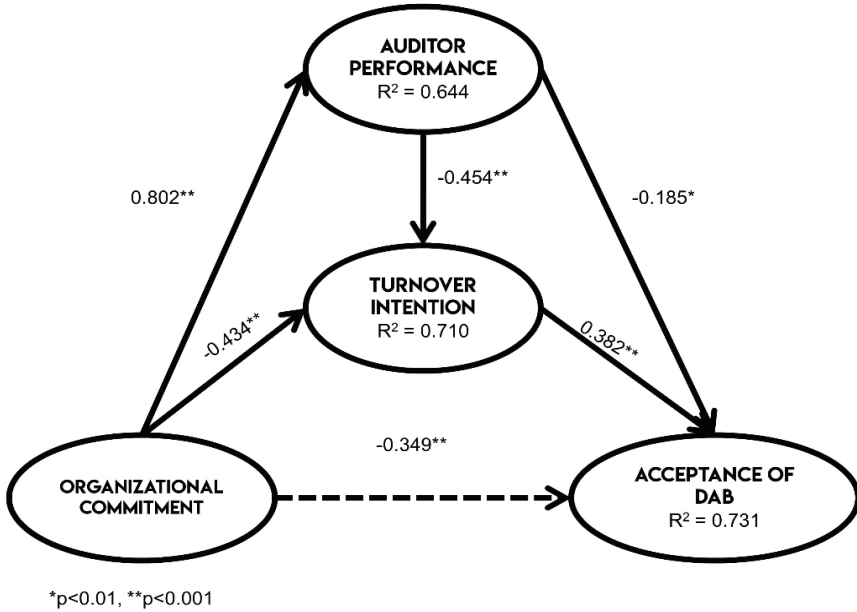


Figure 1: PLS Result

The results presented in Table 3 indicate that the path coefficient of the influence of organizational commitment on auditor acceptance of dysfunctional audit behavior without auditor performance and turnover intention was significant ($z = -0.802, p < 0.001$). However, when auditor performance and turnover intention were controlled, the path coefficient was reduced in magnitude ($\gamma = -0.307, p < 0.001$) but remained statistically significant. Since the direct effect was significantly different from zero, it was concluded that auditor performance and turnover intention partially mediated the impact of organizational commitment on auditor acceptance of dysfunctional audit behavior. Partial mediation condition happens when a portion of the effect of organizational commitment on auditor acceptance of dysfunctional audit behavior is mediated through auditor performance and turnover intention, whereas organizational commitment still explains a portion of auditor acceptance of dysfunctional audit behavior (Nitzl et al., 2016).

Table 3: Direct Effect OC on Auditor acceptance of DAB without AP and TI

	Expected sign	Path Coefficient	SD	Sig. P-Value
OC → DAB	-	-0.802	0.073	$p < 0.001$

To examine whether the mediating effect of auditor performance in the influence of organizational commitment on acceptance of dysfunctional audit behavior is significant, the Sobel test was used (Baron and Kenny, 1986; Preacher and Andrew, 2004). This gave a statistic of 2.151 ($p < 0.05$) indicating that the mediating effect is significant. This supports H1c which stated that organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through auditor performance. These results indicate that auditors who have a low organizational commitment will receive a dysfunctional audit behavior through low performance. In contrast, auditors who have weak organizational commitment will reject dysfunctional audit behavior through high performance.

Furthermore, to examine whether the mediating effect of turnover intention in the influence of organizational commitment on acceptance of dysfunctional audit behavior is significant, the Sobel test was also used (Baron and Kenny, 1986; Preacher and Andrew, 2004). This gave a statistic of 3.570 ($p < 0.01$) indicating that the mediating effect is significant. This supports H1d which stated that organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through turnover intention. The results indicate that an auditor who has a low organizational commitment will be receiving dysfunctional audit behavior through a strong desire to leave his job. Conversely, an auditor who has a weak organizational commitment will refuse dysfunctional audit behavior through a strong desire to survive in his job.

The indirect association or effect of organizational commitment on auditor acceptance of dysfunctional audit behavior was then measured by the intervening variables of auditor performance and turnover intention as per Hypothesis 1e (H1e). The indirect effects of organizational commitment on auditor acceptance of dysfunctional audit behavior were calculated based on the values of path coefficients (Table 4).

Table 4: The Indirect, Direct, and Total Effects of OC on Auditor Acceptance of DAB

Path (OC-AP-DAB)	0.802 x (-0.185)	-0,148
Path (OC-AP-TI-DAB)	0.802 x (-0.382) x 0.382	-0,166
Path (OC-TI-DAB)	-0.434 x 0.382	-0,117
Indirect effect		-0,431
Direct effect		-0,349
Total effect		-0,780

The results as in Table 4 indicate that path coefficient of indirect effect organizational commitment on auditor acceptance of dysfunctional audit behavior via auditor performance and turnover intention was -0.431. The indirect effect via auditor performance and organizational commitment is more than 0.05 (Bartol, 1983). This supports H1e which stated that organizational commitment has an indirect effect on auditor acceptance of dysfunctional audit behavior through auditor performance and turnover intention. To assess the practical significance of the study and to estimate the extent to which our statistical findings exist in the population, data was computed using the effect size test as suggested by Cohen (1988) and Hair et al. (2014). The effect size (f^2) based on the R^2 of 0.731, was 0.643. Calculation of effect size aims to see whether the impact of a particular independent organizational commitment on auditor acceptance of dysfunctional audit behavior has a substantive impact in the model (Cohen, 2010). According to Cohen (1988) the 0.643 figure suggested that there is a medium effect from “organizational commitment” to “auditor acceptance of dysfunctional audit behavior” in the research model.

Table 5: Effect Size for Total Effect

	OC	AP	TI	DAB
AP	0.644			
TI	0.637	0.364		
DAB	0.643	0.276	0.309	

CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

This study investigated whether organizational commitment affects auditor's acceptance of dysfunctional audit behavior and if so, whether the effect is mediated by auditor performance and turnover intention. By using a sample of 129 auditors working at public accounting firms in Sumatera Island Indonesia, this study finds that organizational commitment negatively affects auditor acceptance of dysfunctional audit behavior. It means, auditors with a high organizational commitment are unlikely to accept DAB. Results of this study are supported by Donnelly et al. (2003b) and Paino et al. (2012) who found that organizational commitment negatively affects auditor acceptance of dysfunctional audit behavior. The study also proved that auditor performance and turnover intention partially mediate the effect of organizational commitment on auditor acceptance of dysfunctional audit behavior. In contrast, a previous study (Paino et al., 2012) found that organizational commitment directly affect dysfunctional audit behavior. Our study further found that there are other variables such as auditor performance and turnover intention that mediate the relationship between organizational commitment and auditor acceptance of dysfunctional audit behavior.

This study has some implications for public accounting firms. Some form of policies on organizational commitment can be done by public accounting firms to avoid auditors from performing dysfunctional audit behavior. Public accounting firms may have to consider improving and fixing a system of compensation, career flexibility, safety, improving education and training (Alwi, 2008). However, this study has limited generalizations due to a relative small sample size used. In addition, this study only examined the consequences of organizational commitment without looking further at the antecedents of organizational commitment. Therefore, future research should increase the sample and add other variables such as professional commitment and locus of control which are antecedent variables for organizational commitment (Paino et al., 2012; Donnelly et al., 2003a).

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