

The Influence of Professionalism and Competence of Auditors towards the Performance of Auditors

Erwin Hadisantoso

Ph.D scholar, Post Graduate School of Economics
Hasanuddin University
Makassar

I Made Sudarma

Professor of Economics, Post Graduate School of Economics
Brawijaya University
Malang

YohanisRura

Lecturer, Post Graduate School of Economics
Hasanuddin University
Makassar

Abstract- This study aims to analyze the influence of professionalism and competence of auditors towards the performance of auditors. This research is explanatory research in that it aims to explain any empirical findings found in the study. Method to collect the data is by using questionnaires given to 150 auditor staffs at the Auditor office in 13 Districts in the province of Southeast Sulawesi, Indonesia. The technical method to select sample is by using purposive random sampling based on the auditors, position in the office. The study found that both variables of the professionalism and competence of auditors have significant influences towards the performance of auditors working in the auditors offices in Southeast Sulawesi. Therefore, the regional government in general and the auditors offices in the province of Southeast Sulawesi in particular must give serious attention to both of professionalism and competence of their auditors in order to improve the performance of the auditors.

Index Terms— Professionalism, competence, performance, auditors.

I. INTRODUCTION

Effective governance is the government that governs the country based on the appropriate standards and procedures mandated by legislation. To do this, each government institution has its own internal auditing body. This body determines not only the preservation of the wealth of the organization, but also the aspect of efficiency and effectiveness of the procedure. However, in terms of auditing works this done particularly by the Government Internal Supervisory Apparatus.

The Mayor and the District Head have roles as an agent, while the people in the regions play role as the principal in the agency relationship. As there are differences of the role between the two, it is necessary to have institution or body to control the performance of the government on one hand and to avoid conflict interest between the agent and the principal on the other hand. This indeed needs other institution that is able to audit independently and competent in carrying out any matters faced by the regional government. If so, the quality of the audit could be guaranteed (Moore et al., 2010). Therefore,

both of professionalism and competency are the challenges that have to be provided by the auditing institutions (Hastuti et al., 2015).

It should be noted that the auditor's responsibility is huge in detecting and reporting errors and irregularities in collecting accounting data and the manner of presentation and disclosure (Rainsbury et al., 2009). Bozkurt (2014) describes the responsibilities of internal auditors should conduct audits objectively and in accordance with the ethics and regulations. Without the internal auditor, this will hamper an independent auditor to conduct an audit, so that the internal auditor's role is very important in an organization. Internal auditors have different roles within the organization including the supervision of control, decision support and risk management (Mahzan et al., 2012).

In the implementation process, there have many legal problems faced by the local governance. As a result, the stakeholders do not seem satisfied with the performance of auditors. The previous studies found that audits conducted by the internal auditors are often based kinship and humane considerations, as well as the role of tradition and culture. The results certainly affect the quality of work of internal auditors. Another problem encountered in improving the quality of the role of auditors are in the form of barriers to the attitude or behavior of internal auditors in carrying out the examination.

In addition, there are problems associated with the use of funds. The funds that are used often are not in line with the quality of the programs. Also, there is many problems associated with the Local Government Finance Report. This low quality of Local Government Finance Report has an impact on the emergence of a number of irregularities. This can be found in terms of procurement of goods and services reports in several districts / cities. This indicates that the performance of auditor to monitor the implementation of government affairs at the district / city, controlling program planning, policy formulation and facilitation of supervision, inspection, investigation, testing, and assessment oversight duties have not been implemented according to regulations.

To measure the effectiveness of the auditor performance on public sector, there are many factors that need to be considered. These factors mostly related to the audit process, the characteristics of the auditee and the environmental conditions (Etverk, 2002). Workpaper method is usually considered as an effective method in assessing the level of performance auditor (Brazel et al., 2004), whereas Leewu (1992) suggests methods of similarities and dissimilarities policy evaluation. The assessment of the performance of auditors in the public sector is very important because it aims to provide better services and to minimize the various costs (Funnell, 1997).

Furthermore, Zureigat and Al-Moshaigeh (2014) examined the influence of professionalism of auditors on the performance of the internal auditor. This study found that company used both quantitative and qualitative performance measures to assess the performance of the internal audit function. Audit can provide assurances as to the performance of management in public companies either national or international (Ohiokha and Akhalumeh, 2013). Obert and Munyunguma Studies (2014), however, explained that in order to improve the effectiveness of the based on line audit, internal auditors need to combine auditing software online and conduct training for the auditors. Besides professionalism of auditors, there are other factors that support auditor performance empirically. These factors are the competence of the internal auditor, as described by Prog (2014) and Nuryanto and Afiah (2013). They found that there is a positive and significant effect of the auditors' competence, information technology and internal controls over financial reporting quality.

Based on the above background and because no study examining the influence of the professionalism and competence on the auditors' performance especially in the province of Southeast Sulawesi, this study is called for. However, before discussing the findings, the second section reviews briefly the literature. This is then followed by research methods in section 3. Section 4 discussed findings of the study. Finally, concluding notes are drawn in section 5.

II. LITERATURE REVIEW

The Concept of Auditors' Professionalism

Hall (1968) suggests that professionalism can be used to measure how the professionalism regards their profession which is reflected in their attitudes and behavior. Hall (1968) considers that there is a reciprocal relationship between attitudes and behavior in that the professionalism behavior is a reflection of professionalism attitude, and vice versa (Kalbers and Fogarty, 1995).

The professional elements used in this study was developed by Kalbers and Fogarty (1995). These elements are : (1) the assurance that the work was very important; (2) important of the confidence to provide services to the public; (3) the important of autonomy in doing the work; (4) the encouragement to have own rules in the work; and (5) the important of affiliation with fellow types of jobs in the other organizations.

In relation with fellow professionals, this may use professional associations as a reference, including formal organizations and informal groups of colleagues as the main source of job ideas. Through this professional associations, professionals may build awareness of the profession. Confidence in the regulatory profession is the belief that the most competent person to assess the work of fellow

professionals is the colleague in the same profession, not the outsiders who have no competence in the field.

The Concept of Internal Auditor Competence

According to Guy et al. (2002), competency is the knowledge and expertise necessary to complete the task. Competence can be defined as a characteristic of individuals who contribute successful job performance and achieving organizational results (Sinnott et al., 2002). Competence can be understood as a combination of skills, personal attributes, and knowledge is reflected through performance behaviors that can be observed, measured and evaluated.

The role of internal auditors is increasingly important with the increasing complexity of the system of government. Without the internal auditor, the head of government units do not have the resources free internal (independent) on the activities of organizations for both governmental organizations and other organizations. This also proposed by Sawyer et al., (2003) that the activity that is not monitored will lose its efficiency and effectiveness. Internal Audit has been split into disciplines with a broader focus. Modern internal auditor provided services include assessment of internal control, administration and financial statements (Birkett et al., 1977).

The Concept of Auditors' Performance

The concept of performance is closely related to the purpose, as a result of a person's work behavior (Davis & Newstrom, 1985). Behavioral performance can be traced to specific factors such as ability, effort and difficulty of the task. Performance can also be defined as a result of a pattern of actions taken to achieve the objectives in accordance with the standards of achievement, both qualitative and quantitative, which has been established by private individuals or by companies in which individuals work.

Robbins & Judge (2008) determined that the performance factor is determined by the ability, motivation and opportunity. Opportunities intended is the high level performance which is partly a function of the absence of barriers that control the employee. The performance of its functions are not independent, but related to job satisfaction and rewards, skills, and traits of individuals.

Kalbers and Fogarty (1995) describe the dimensions of professionalism that are dominant to influence the performance are the dimensions of community affiliation and autonomy demands, professionalism dimension of community affiliation that is positively related to job satisfaction. Rahmawaty (1997) found that all dimensions of the professionalism significantly related to the performance of auditors. Blumberg and Pringle (1982) states that the determinants of performance are: (a) capacity, such as knowledge, skills and education; (b) opportunities, such as the procedures of the organization, leadership and organizational policy; and (c) a willingness as motivation, job satisfaction and work status.

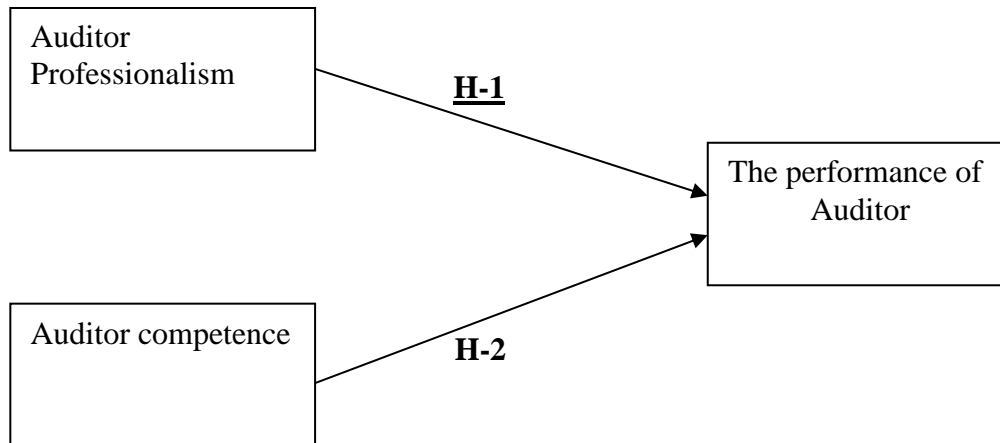
III. RESEARCH METHODS

This study was conducted at the regional government in Southeast Sulawesi, Indonesia by taking the 13 districts / cities and provinces in Sulawesi Tenggara through a survey method. The sample in this study was the internal auditor at the Regional Inspectorate of financial management staff totaling 150 people and spread across 13 regional work units. The

sampling technique used in this research is purposive sampling technique. Criteria made for the study sample is composed of senior auditor position, the supervisory organization of local government affairs in the regional work units that served in the Inspectorate of the province. The primary data were collected

using a questionnaire given to the internal auditor. Based on the research objectives, the data were analyzed using multiple linear regression analysis. The conceptual framework of this study is described at Figure 1.

Figure 1. The conceptual Framework of the study



The hypothesis of this study is as follows.

H-1: The auditor professionalism has significant effect on the performance of auditor

H-2: The auditor competence has significant effect on the auditor performance.

H-3 : Both the professionalism and competence of auditors jointly have significant effect on the auditors' performance

IV. RESULTS AND DISCUSSION

As mentioned, the questionnaire was distributed to 150 respondents. Of these sample, there were 27 respondents who did not fill out the questionnaire completely. Thus, the number of questionnaires collected was only 123 questionnaires.

Before examining the findings, reliability and validity tests were done. The technique used for reliability testing is by using Cronbach alpha. Whilst Reliability tests is by using the standard Cronbach's alpha of 0.60. Table 1 showed the results of testing.

Table 1. The results of Reliability test

Variable	Cronbach's Alpha	Note
Auditors' Professionalism	0,776	Reliable
Auditors' Competency	0,765	Reliable
Auditors' performance	0,849	Reliable

As shown at Table 1, the Cronbach alpha values of all instruments (auditor professionalism, the competence of auditors, and the performance of auditors) is greater than 0.60. This indicates that the measurements can provide consistent results when the measurements were taken back to the same subject.

significant effect on the auditors' performance, whilst the auditors' competence has significant effects on the auditors' performance as shown from the t values as well as from p – values (Table 2). This is simply because the p value of the auditors' professionalism has been greater than 0.05.

Furthermore, the results of multiple regression analysis showed that only auditors' professionalism that has no

Table 2. The estimation result of Multiple regression analysis

Variables	coefficients (β)	Standard Error	t-values	P-value
Constant	1,414	0,329	4,292	0,000
Auditors' Professionalism	0,126	0,093	1,356	0,178
Auditors' competence	0,503*	0,091	5,521*	0,000

Note: *) significant 5% (0,05)

Based on the findings above, it can be said that auditors' professionalism and competence of auditors showed positive value. However, using t value and p test, it was found that only the professionalism of auditors has no partial significant effect on the performance of auditors based on the probability $0.178 > 0.05$. This suggests that the first hypothesis was rejected. The auditor competence, however, showed significant effect on the performance of auditors based on the probability value $0.000 < 0.05$. This suggest that the second hypothesis was accepted. This is in line with study undertaken by Vroom (1964). Similar studies also support this finding see, for example, Butter & Hermanns (2011) and Dali et al., (2013). Also, the results of this study are consistent with studies Nuryanto and Afiah (2013) and Octavia and Widodo (2015), that there is positive and significant correlation between the competence of auditors on the quality of financial reporting in government work unit. Therefore, auditors' competence has significant effect on improving the performance of internal auditors.

V. CONCLUDING NOTES

Auditors' Professionalism does not have any significant effect on the performance of internal auditors. This is partly because the lack of professionalism in the internal auditor has been caused by the individual auditor and also from the organization. Auditors' competence, however, has significant effect on improving the performance of internal auditor. This may be because of auditors in the offices under survey have greater willingness to improve their knowledge and education. In other words, the level of education and knowledge of the auditor play an important role to facilitate the internal auditor to identify weaknesses, errors related to the financial statements. Therefore, further improvement of the human resource competence of auditors is a must. This is important as it can improve ways of thinking and able to handle uncertainty. Therefore, much remain to be done by the office under survey to improve the auditors' competence.

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