

The Influence of Audit Fees, Audit Time Budget Pressure and Spirituality at Work on Dysfunctional Behavior Auditors and Implications on Quality Audit

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Abstract:

The quality auditor and auditor dysfunctional behaviors associated with audit fees, audit time budget pressure and spirituality in the workplace has been studied. This study aimed to get empirical evidence whether the cost of the audit, perceived time budget pressure auditor and spiritual workplace has a direct impact on the perceived dysfunctional behavior and the implication auditor to audit quality. The scope of this study involved the Public Accounting Firm in five (5) major cities in Java, namely: Jakarta, Bandung, Semarang, Surabaya and Tangerang. Inferential analysis used in this study to test the hypothesis, which is done by using the approach of Structural Equation Modeling (SEM). Specification models using LISREL program that has two languages, programming languages and SIMPLIS LISREL. The results show that audit costs directly affect the auditor dysfunctional behavior, characterized by the value of the path coefficient = 0.129 and $t_{count} (2,449) > t_{table}$ at $\alpha = 0.05 (1.967)$, audit time budget pressure directly affects the dysfunctional behavior of auditors, which characterized by a path coefficient = 0.170 and $t_{count} (3,726) > t_{table}$ at $\alpha 0.01 (2.596)$ and spirituality in the workplace directly influence the auditor dysfunctional behavior, which is characterized by the value of the path coefficient = -0.516, and the value of $t_{count} (-5,628) > t_{table} \alpha 0.01 (2.596)$. This means that the repair cost of the audit, budget pressures and spirituality will be followed by improvements dysfunctional behavior that needs more attention and enhanced continuously.

Keywords Audit fees; audit time; budget pressure; spirituality; dysfunctional auditors; audit quality

1. Introduction

Auditor Professional is a profession that provides services to the public, especially users of financial

statements, i.e, investors, creditors, potential creditors and the government or agency [1]. As a profession responsible for the trust given by the users of financial statements, the auditor needs to ensure that the qualified audit reports. The audit failures that occur when the auditor provides an audit opinion does not correspond to reality by not meet auditing standards established [2]. Audit failure cases as exemplified in the case of an audit failure Kanebo, Japan caused by the conspiracy auditor at public accounting firm ChuAoyama affiliated with PricewaterhouseCoopers (PWC), one of the four largest public accounting firms in the world [3]. Kanebo case illustrates the conduct of audits that do not meet auditing standards, so that audit quality is very low. The main factor affecting the quality of the audit is the auditor dysfunctional behavior. Results of previous studies show there is a threat to the decline in the quality of the audit due to dysfunctional behavior that is sometimes done auditors in completing the audit assignment [4]. Dysfunctional behavior is any action that auditors in the implementation of auditing standards that can reduce or degrade the quality of audits, directly or indirectly.

Conditions dysfunctional behavior auditor does not just happen, but at least influenced by three factors, namely the cost of the audit, the audit time budget pressure and spirituality. First, the cost of the audit should not diminish the independence of auditors, so that the audit fee deals offered by the client is the audit fees that reflect the cost of doing business for the firm and also consider the risk of litigation. Second, the audit time budget pressure. State auditor likely to have dysfunctional behavior due to budget time in the audit that can make audit results into premature sign-off, such as overly confident about the explanation presented by the client, and failed to investigate issues that are relevant, and the lack of evidence relevant is obtained, the processing of the audit which is less accurate and precise, and errors in the audit phase, which will produce low-quality audit reports

[5]. Third, spirituality in the workplace. Auditors and public accountants in performing his profession shall carry out the auditing standards and comply with the code of ethics in order to maintain the quality audit. The importance of religious belief in a return to behave, after a failure of ethics in the business [6]. Religious values will motivate a more useful and meaningful work, not just work just to meet the material needs alone, but more than that, work can be seen as a service for the benefit of people and the environment.

This study aims to provide empirical evidence about the dysfunctional behavior caused by the auditors audit fees dimension, perceived time budget pressure auditor and Spirituality in the workplace and indirectly influences the quality of the audit. In detail, the main purpose of this study was to:

1. Examine and analyze the influence of cost audits of dysfunctional behavior auditor.
2. Examine and analyze the influence of perceived time budget pressure auditor to auditor dysfunctional behavior.
3. Examine and analyze the influence of spirituality in the workplace auditor to auditor dysfunctional behavior.

Test and analyze the direct influence of dysfunctional behavior auditor to audit quality.

2. Theoretical Basis

Quality audit defined as the probability of an auditor will find and report violations to the client's accounting system [7]. Audit quality is one of the most widely discussed topics in the audit profession [8]. The quality of the audit is the auditor's ability to detect and report material misstatements in the sample inspection during an audit, and then the auditor is not only required to detect but also to report material misstatement [9].

According to the Theory Agency (Agency Theory) developed by Jensen and Meckling (1976), the quality audit public accountant or an independent auditor in carrying out their duties must hold the principles of the profession, which is the responsibility of the profession, the public interest, integrity, objectivity, competence, confidentiality, behavior professional and technical standards.

2.1. Audit fees

Audit costs are those costs incurred for the performance of any service in accordance with the agreement. The total cost of the audit is the sum of all fees charged by the auditor [10]. Total costs usually vary, depending on the size and complexity of the audit client. States that there are three factors that contribute to the formation of the cost, which is the size, complexity and risk of a company being

audited, particularly in research adopted an indicator of the cost of the audit. The size of audit fees is determined by the location and size of public accounting firms also consider factors other than the following matters, the client's needs, duties and responsibilities according to law, the level of expertise, the amount of time required and effectively used by a public accountant.

2.2. Time Budget Pressure Auditor

Audit time budget is an estimate or estimated time allocated for the implementation of the audit assignment in an assignment. In general public accounting firm prepare detailed time budget for each phase of the audit procedure. Audit time budget is an important element of the operating mechanism and control on a Public Accounting Firm. A time budget audit provides several benefits at a public accounting firm [11]. The budget process public accounting firm time tend to follow the same [12]. Audit time budget prepared by the estimated time required for implementation of each phase of the audit program at various levels auditor. Budget preparation time of audit is generally done in-charge auditor or audit team comprising in charge auditor, manager, and partner [13]. Budget time rigorous audit may lead the auditor to feel the pressure of time budget (time budget pressure) in the implementation of the audit program as a result of an imbalance between the budget audit time available and the time required for the completion of the audit program.

2.3. Spirituality in the Workplace

Aspects of spirituality in the life and leadership of the organization actually has argued in various scientific journals since the early 1990s [14], although the roots of his thinking have appeared much earlier. Historically, spirituality is rooted in religion (religion), but now the spirituality in the context of business organizations and the workplace is not associated specifically with a particular religious tradition. Spirituality in the workplace is not about religion, or about how to convert it to a particular belief system. It is not based on a particular religious tradition, but can be based on personal values and philosophy. Spirituality in the workplace can be interpreted as an acknowledgment that the employee has the essence of life that motivates them and motivated with meaningful work in the community [15]. Spirituality in the workplace associated with employees desire to achieve the main goal in their life and want to live with it like, spirituality in the workplace consists of various dimensions, namely: a sense of community teams.

3. Research Methods

This study uses a quantitative approach or paradigm of positivistic. A quantitative approach aims to examine the relationship between these variables. This research approach aims to assist researchers in evaluating the extent to which the data generated through certain methods are valid and really reflect reality [16]. This study therefore uses causal design in the form of Structural Equation Modeling (SEM). To meet the design purposes, this research involves the Public Accounting Firm in five (5) major cities in Java, namely: Jakarta, Bandung, Semarang, Surabaya and Tangerang. The consideration is: First, on the fifth of the city there is a mixture of various kinds of firm size or by 85.10% of the population public accounting firm in Indonesia. Secondly, with regard to the number and type of public accounting firm at the fifth region, considered the target is the auditor who worked in Java. Third, the best quality of the work public accounting firm in Java. With a sample of 352 senior and junior auditors who worked at the firm in Java.

3.1. Theoretical Framework and Simulation Research SEM

Development of the simulation study was developed through analysis of the theoretical framework and Structural Equation Modeling (SEM) with a research model shown in Figure 1 below.

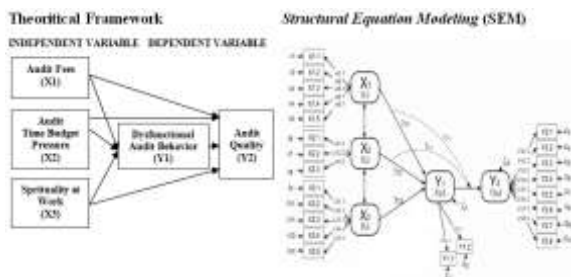


Figure 1. Research Framework

3.2. Statistic Analysis

Data collection and processing procedures were analyzed by SEM modeling must meet the following assumptions [17]:

1. The size of the sample; the sample size that must be met in modeling SEM of at least 100
2. Normality and linearity; the distribution of the data to be analyzed to see if the assumptions of normality were met, so that data can be processed further. Normality test can be tested by the method of nonparametric statistics Shapiro Wilk test.
3. Outliers; i.e. the observed data has unique characteristics that look very different from

observation or other data and appear in the extreme good value for a single variable or variables combination. In this analysis, outlier evaluated using residue analysis.

4. The scale of measurement variables and variable due cause at least interval.

There are several stages in the analysis of structural equation modeling [18], namely:

1. Conceptualization of the model. This stage is associated with the development of a hypothesis (based on the theory) as a basis for linking the latent variables to other latent variables, and also with their indicators.
2. Preparation of flowcharts (path diagram construction), which will make it easier to visualize the hypothesis that we have proposed in the conceptualization of the model. Although LISREL can be run using the equation and not using flowcharts, but it is highly recommended to do. Visualization of the model will reduce the error rate in the construction of a model in LISREL.
3. Specification model and describe the nature and number of parameters to be estimated; Data analysis cannot be performed until this phase is completed. LISREL program has two languages are used, namely programming language LISREL and SIMPLIS.
4. Identification of the model. Information obtained from the data is tested to determine whether sufficient to estimate the parameters in the model.
5. Estimation parameters. After the structural model can be identified, then the parameter estimation can be known. At this stage, the parameter estimates for a model of the data obtained for LISREL and AMOS program seeks to generate a covariance matrix based model (model-based covariance matrix) corresponding to the covariance matrix of the actual (observed covariance matrix).
6. The assessment of the model fit. A model is said to be fit when the covariance matrix of a model (model-based covariance matrix) is the same as the covariance matrix of the data (observed). Model fit can be assessed by testing the fit indices obtained from LISREL (e.g RMSEA, RMR, GFI, CFI, TLI, NFI, etc.). Any modification (albeit very little), should be based on the theory that it supports. Description more details are as follows:
 - a. Chi-Squares Statistic: The test model will be considered good when the value of Chi-Square insignificant or low
 - b. Root Mean Square Error of Approximation (RMSEA): RMSEA is an index that can be used to compensate statistic Chi-Squares in a large sample. RMSEA value ≤ 0.08 is an index for the

- inadmissibility of the models show a suitability of the model based on the degree of freedom.
- Goodness of Fit Index (GFI): The suitability index calculates the weighted proportion of variance in the sample covariance matrix described by the covariance matrix estimated population. GFI is a non-statistic size that has a range of values between 0 (not appropriate) to 1 (very appropriate).
 - Adjusted Good of Fit Index (AGFI): AGFI analogous to R² in the regression. This suitability index can be adjusted to the degree of freedom available to test the admissibility of the model with AGFI. Acceptance rate recommended is when AGFI has a value equal to or greater than 0.90.
 - CMIN / DF: It is one indicator in assessing the suitability of a model. CMIN / DF are Chi-squares divided by its degree of freedom is called Chi-squares or relative.
 - Tucker Lewis Index (TLI): TLI is an alternative incremental fit index which compares a model that is tested against a baseline models. The recommended value as a reference for the adoption of a model of greater than 0.95 and a value close to 2 show very good conformity.
 - Comparative Fit Index (CFI): CFI is identical to the Noon Relative centrality index. CFI is in the range of 0-1, in which the CFI value close to 1 indicates the highest level of fitness. CFI recommended value is greater than 0.95.
7. The last stage of this process is the cross validation models, i.e. testing whether or not fit the model to a new data (or validation sub samples obtained through the sample resolution procedure).

4. Results and Research Analysis

4.1. Data Normality

Test for normality in this study using the Kolmogorov-Smirnov test, using SPSS data processing tools. The results obtained are shown in Table 1 as follows:

Table 1. Summary of Normality Test Results

Unstandard Residual	Asymp. Sig. (2-tailed)	K-S _{count}	K-S _{table} (α, 0.05)	Description
X ₁ - Y ₁	0,082	0,045	0,075	Normal
X ₂ - Y ₁	0,084	0,045	0,075	Normal
X ₃ - Y ₁	0,090	0,045	0,075	Normal
Y ₁ - Y ₂	0,197	0,043	0,075	Normal

4.2. Significance and Linearity of Data

The results of significance testing and regression linearity for each effect to the dysfunctional behavior of auditors described as follows:

a. Significance and Linearity Regression Testing Dysfunctional Behavior Auditor over Audit Fees.

Table 2. Analysis of Variance (ANOVA) for Significance and Linearity Regression Dysfunctional behavior Top Auditor Audit Fee

Source of Variation	df	JK	RJK	F _{count}	F _{table}	
					α=0,05	α=0,01
Total	351	726.292,000				
Regression (a)	1	709.563,682				
Regression (b/a)	1	7.061,378	7.061,378	255,663*	3,868	6,708
Remainds (S)	350	9.666,940	27,620			
Fcount	11	399,469	36,315	1,328 ^{ns}	1,817	2,300
Error (E)	339	9.267,471	27,338			

Regression significance testing dysfunctional behavior auditors on audit fees earned grades of F 255.663, while the value of F_{table} at the level of error (α) 0.01 at 6.708. F_{count}>F_{table}, so it can be inferred that the regression equation dysfunctional behavior auditors on audit fees is very significant. Testing the linearity of regression is the value of F_{count} amounting 1,328 and the value of F_{table} at the level of error (α) 0.05 with numerator 11 and denominator 339 is 1,817. Value F_{count}<F_{table} value, so it can be inferred that the regression equation dysfunctional behavior auditors on audit linear-shaped charges.

b. Linearity Regression Testing Significance and Dysfunctional Behavior Auditor Audit On Time Budget Pressure

Table 3. Analysis of Variance (ANOVA) for Significance and Linearity Regression Dysfunctional behavior Auditor on Audit Time Budget Pressure

Source of Variation	df	JK	RJK	F _{count}	F _{table}	
					α=0,05	α=0,01
Total	351	726.292,000				
Regression (a)	1	709.563,682				
Regression (b/a)	1	6.679,780	6.679,780	232,663**	3,868	6,708
Remainds (S)	350	10.048,538	28,710			

Fcount	5	105,884	21,177	0,735 ^{ns}	2,240	3,077
Error (E)	345	9.942,653	28,819			

Table 5. Analysis of Variance (ANOVA) for Linearity Regression Significance Tests and Quality Audit of Dysfunctional Auditor Behavior

Regression significance testing dysfunctional behavior auditors on audit time budget pressure obtained F_{count} amounting of 232.663. This value is greater than the value of F_{table} at the level of error (α) 0.01, amounting to 6.708, so it can be inferred that the regression equation dysfunctional behavior auditors on audit time budget pressure is very significant.

Linearity of regression testing obtained value of $F_{count} = 0.735$, while the value of F_{table} at the level of error (α) 0.05 with numerator 5 and denominator 345 is 2,240. Value of $F_{count} < F_{table}$ so it can be inferred that the regression equation dysfunctional behavior auditors on audit time budget pressure linear-shaped.

c. Linearity Regression Testing Significance and Dysfunctional Behavior Auditor on Spirituality in the Workplace.

Table 4. Analysis of Variance (ANOVA) Significance and Linearity Regression Dysfunctional behavior Auditor on spirituality in the workplace

Source of Variation	df	JK	RJK	F _{count}	F _{table}	
					$\alpha=0,05$	$\alpha=0,01$
Total	351	726.292,000				
Regression (a)	1	709.563,682				
Regression (b/a)	1	11.180,627	11.180,627	705,378 ^{**}	3,868	6,708
Remainds (S)	350	5.547,691	15,851			
Fcount	351	571,470	16,328	1,034 ^{ns}	1,461	1,702
Error(E)	315	4.976,222	15,798			

From the table above shows ANOVA for significance testing regression dysfunctional behavior auditors on spirituality in the workplace obtained F_{count} 705.378, while the value of F_{table} at the level of error (α) = 0.01 is 6.708. Value of $F_{count} > F_{table}$, so it can be inferred that the regression equation dysfunctional behavior auditors on spirituality in the workplace is very significant.

As for the regression linearity test is obtained F_{count} 1.437, while the value of F_{table} at the level of error (α) = 0.05 with 35 hp numerator and denominator of 315 hp at 1,461. $F_{count} < F_{table}$, it regression equation dysfunctional behavior auditor on spirituality in the workplace linear shape.

d. Linearity Regression Significance Testing and Quality Audit of Dysfunctional Behavior Auditor.

Source of Variation	dk	JK	RJK	F _{count}	F _{table}	
					$\alpha=0,05$	$\alpha=0,01$
Total	351	1,712,464,000				
Regression (a)	1	1,676,424,045				
Regression (b/a)	1	22,611,220	22,611,220	589,328 ^{**}	3,868	6,708
Remainds (S)	350	13,428,734	38,368			
Fcount	21	1,262,046	60,097	1,625 ^{ns}	1,588	1,910
Error (E)	329	12,166,688	36,981			

Regression significance test quality audit of dysfunctional behavior auditor obtained F_{count} amounting 589.328. This value is greater than the value of F_{table} at the level of error (α) = 0.01, is equal to 6.708, thus the regression equation quality auditor audit of dysfunctional behavior is very significant.

Linearity obtained from the testing of $F_{count} = 1.625$, while the value of F_{table} at the level of error (α) 0.05 with numerator 21 and denominator 329 is 1,588. Value of $F_{count} < F_{table}$, so it can be inferred that the regression equation audit quality on dysfunctional behavior auditor linear-shaped.

4.3. Hypothesis Testing

The hypothesis tested in this research associated with the effect of audit fees, audit time budget pressure, spirituality in the workplace attitude auditor to auditor dysfunctional behavior and its implications on the quality of the audit. Hypothesis testing is done by the processing using the SEM program LISREL 8.80.

The results of path coefficient and t test the effect of audit fees, audit time budget pressure, position of auditor and spirituality in the workplace attitude auditor to auditor dysfunctional behavior and its implications on the quality of the audit are summarized in Table 6 below

Table 6. Summary of Results Calculation Path Coefficient (t_{count})

Influence	Path Coefficient	T _{count}	t _{table}		Hypothesis Conclusion
			$\alpha=0,01$	$\alpha=0,05$	
H1 : X1 →	0,129	2,449*	2,596	1,967	Accepted
H2 : X2 → Y1	0,170	3,726 ^{**}	2,596	1,967	Accepted
H3 : X3 →	-	5,618 ^{**}	2,596	1,967	Accepted

Y1	0,516				
H4 : Y1 → Y2	-0,874	-12,384**	2,596	1,967	Accepted
H5 : X1 → Y1 → Y2	0,113	-2,432*	2,596	1,967	Accepted
H6 : X2 → Y1 → Y2	0,149	-3,669**	2,596	1,967	Accepted
H7 : X3 → Y1 → Y2	0,451	5,437**	2,596	1,967	Accepted

Description:

* Path Coefficient is significant ($p < 0,05$) and

** Path Coefficient is very significant ($p < 0,01$)

T_{count} path coefficients and can be seen on the path diagram as shown in Figure 2 as follows.

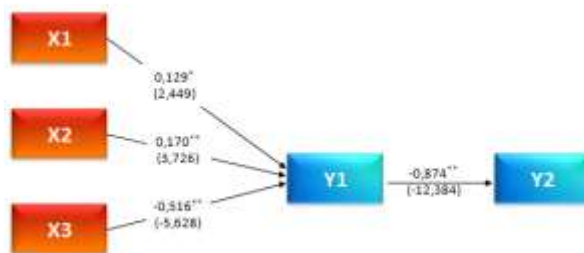


Figure 2. Influence Path Coefficients t_{count} and Audit Fees, Audit Time Budget Pressure, and Spirituality in the Workplace of the Auditor Dysfunctional Behavior and Its Implications on Audit Quality

8. Conclusion

Based on the results of research and discussion presented in the previous chapter, can be summarized as follows:

1. Audit is directly influence the auditor dysfunctional behavior, which is characterized by the value of the path coefficient = 0.129 and t_{count} (2.449) > t_{table} at α 0.05 (1.967). This means that the repair cost of the audit will be followed by dysfunctional behavior improvement.
2. Audit time budget pressure directly influence the auditor dysfunctional behavior, which is characterized by the value of the path coefficient = 0.170 and t_{count} (3.726) > t_{table} at α 0.01 (2.596). This means that the improvement of audit time budget pressure will be followed by dysfunctional behavior improvement.
3. Spirituality in the workplace directly influence the auditor dysfunctional behavior, which is characterized by the value of the path coefficient = -0.516 and t_{count} (-5,628i) > t_{table} at α 0.01 (2.596). This means that the improvement of spirituality in the workplace will be followed by improvement of dysfunctional behavior.
4. Behavior direct impact on audit quality, which is characterized by the value of the path coefficient = -0.874 and t_{count} (-12.384) > t_{table} at α 0.01 (2.596). This means that the improvement of

dysfunctional behavior will be followed by improvement of audit quality.

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