

THE INFLUENCE OF SUPERVISORY ACTION ON THE PERFORMANCE OF AUDITORS IN PUBLIC ACCOUNTANT OFFICES

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Abstract:

This study aims to examine the effect of locus of control as a moderating variable on the relationship between supervisory action on junior auditors' performance. This research was conducted at a public accounting firm on the island of Bali. The number of samples used is 55 junior auditors who work in KAP, with the technique of determining the sample is purposive sampling. The sample collection uses a survey method, namely by distributing questionnaires by surveyors. This research uses moderation regression analysis technique. By continuing to go through the test stages of classical instruments and assumptions. Based on the research results, it can be seen that the Locus of control variable has no effect on junior auditors' job satisfaction. The supervisory action variable has a positive influence on the performance of junior auditors. This study also proves that locus of control is proven to strengthen the relationship between supervisory action on the performance of junior auditors who work in public accounting firms in Bali.

Keywords:

Locus of Control, Supervisory Action, Auditor performance

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INTRODUCTION

As a public accountant profession, supervision is an important thing that must be applied by a senior auditor in managing its members. This is presented in a statement from Audit Standards (SAS) Number 22 concerning the First Field Standard which reads 'The work is to be adequately planned and assistants, if any, are to be properly supervised' (Pratiwi, et al., 2020). The existence of a junior auditor as an assistant to his superior in working for a public accountant must be interpreted as an inseparable work unit (one team). Job responsibilities, even if they are carried out or carried out by junior auditors, remain under the supervision of the superior of the public accountant in charge. Apart from hiring Junior Auditors, public accountants must also appoint expert staff to streamline their audit duties. The use of locus of control in this study considers that the performance of an auditor can be influenced by individual factors, including psychological characteristics, namely locus of control (Rogowska et al., 2020). Adiputra et al (2014) has proven that locus of control is a moderating variable that can be used for research. Locus of control (LOC) is the degree to which a person believes that they can control their own destiny. According to Saputra (2012), Locus of Control (LOC) is a person's perspective on an event whether a person can or cannot control the events that occur to him. Saputra (2012) define locus of control as the belief of each individual employee about his ability to be able to influence all events related to himself and his job (Lado & Alonso, 2017). The definition of auditor performance according to Atmadja & Saputra (2018) states that: Auditor performance (work performance) is a work achieved by an auditor in carrying out the tasks assigned to him based on his skills, experience, and seriousness of time measured. by considering quantity, quality and timeliness (Singh & Singh, 2018). The auditor's performance in Saputra (2012) states that: Auditor performance is the result of a pattern of actions taken to achieve goals in accordance with performance standards, qualitative and quantitative, which have been set by individuals personally or by the company where the individual works (Hill et al., 1977).

Xu et al (2017) states that supervision action is the act of supervising or directing the completion of work. Supervision is an activity to coordinate the implementation of tasks through effective and efficient direction and feedback. Supervision includes directing the junior auditors' efforts related to achieving the audit objectives and determining whether these objectives can be achieved (Xu et al., 2017).

Attribution Theory

Attribution theory studies the process of how a person interprets an event, learns how a person interprets the reason or cause of his behavior. This theory was developed by Bandura (1977) who argued that a person's behavior is determined by a combination of internal and external forces. Behavior caused by such internal forces is believed to come from within the individual's own person. Examples of such internal strengths are ability, knowledge, and effort (Wong & Lui, 2007). While the behavior derived from external

forces is the result of pressure on certain situations or circumstances that force a person to do certain actions. External strength factor that is strength from outside can be *task difficulty* or luck (Verma & Chandra, 2018).

Theory of Accounting behavior. Behavioral accounting is part of the accounting discipline that examines the relationship between human behavior and the accounting system, as well as the behavioral dimensions of the organization in which man and accounting system is located and recognized its existence (Lau & Moser, 2008). Thus, the definition of behavioral accounting is a study of the behavior of accountants or non-accountants influenced by accounting and reporting functions (Hopwood, 1989). Behavioral accounting emphasizes the consideration and decision-making of accountants and auditors, the influence of accounting functions and auditing functions on behavior, such as *judgment*, *auditor decisionmaking* and the quality of auditors' considerations and decisions, as well as the influence of the output of accounting functions in the form of financial statements on user considerations and decision making (Fama, 2012).

Effect of Locus of Control relationship on Junior Auditor's Performance. Saputra (2012) concluded that locus of control partially has an influence on work performance. The results of this study prove that locus of control affects job performance. The results of this study differ from the results of previous studies conducted by Iles-Caven et al (2018) that locus of control has no effect on performance. If an auditor tends to have an internal locus of control so that he is confident in his ability to solve a problem, it will lead to job satisfaction and it is hoped that it will improve the auditor's performance / performance (Atmadja & Saputra, 2018). However, if an auditor has a tendency to trust factors outside himself as a determinant of his success, it can be said that he has an external locus of control, this will actually reduce job satisfaction and result in decreased performance of the auditor. Based on the explanation from previous researchers, the hypothesis in this study can be described as follows:

H1: Locus of Control affects junior auditors' job performance.

The influence of Supervisory Action relationship on Junior Auditors performance. Supervisory Action is an act of supervision divided into 3 aspects, namely aspects of leadership, aspects of working conditions, and aspects of assignments. From the results that can be presented in Patten's research, it is evident that these three aspects have a significant effect on job satisfaction (Farooqui & Nagendra, 2014). The research conducted by Saputra et al (2019) proves that only 1 aspect, namely leadership and mentoring, has an effect on job satisfaction, while aspects of work conditions and assignments have no effect on auditor job satisfaction. based on differences in previous research, researchers tend to take general initial assumptions as follows:

H2: Supervisory Action affects the junior auditors performance.

The influence of Locus of control moderates the Supervisory Action. Relationship on job satisfaction of junior KAP auditors in Bali Research conducted by Lestari & Yaya (2017) shows that there is an interaction between directive leadership style and locus of control on job satisfaction. Research conducted by Atmadja & Saputra (2018) also shows that there is a significant relationship between leadership style and job satisfaction through locus of control as a moderating variable. The results of these studies contradict research conducted by Musich et al (2019) which failed to prove the influence of the role of leadership interaction and locus of control on subordinate job satisfaction. Based on this, the researcher formulated the following hypothesis.

H3: Locus of Control Moderates the relationship between Supervisory Action and Junior KAP Auditors performance in Bali

METHOD

This research uses descriptive statistical analysis method to describe how Locus of control moderates the relationship between Supervisory Action and junior auditors performance at accountant public office in BALI. Moderated regression test was carried out in this study to test the effect of the research variables. Based on observations made by researchers, there are 14 public accounting firms in Bali. This study uses a non-probability sampling method with purposive sampling technique. Purposive sampling or sampling aims to be carried out by taking samples from the population based on certain criteria. In this study, the sample used was junior auditors at KAP in Bali.

This Research using the Descriptive statistical analysis is intended to provide an overview of the demographics of respondents. This overview includes questions about the application of Supervisory Action, Job Satisfaction, and Locus of Control. The tool that can be used in testing the validity of a questionnaire is the correlation number between the statement score and the overall score for the respondent's statement on the information in the questionnaire. The type of correlation used here is the Pearson correlation between the score of each statement and the item's total score. If the level of significance is less than 0.05, it is not valid. Invalid questions should be removed from the questionnaire and then recalculated. A questionnaire is declared reliable or reliable, that is, if someone's answer to a question is consistent from time to time. The reliability test was carried out by using the alpha cronbach (α) statistical test. A variable is said to be reliable if it meets $\alpha \geq 0.60$.

The normality test aims to test whether the dependent and independent variables in the regression model are normally distributed or not. The assumption of normality is considered fulfilled if the data used is large enough ($n > 30$). To test the normality of the data used graph analysis and the Kolmogorov-Smirnov Test statistical test. A good regression model is homocedasticity, that is, the residuals have the same variants from one observation to another. If the variants are not the same, then it is said to be heteroscedasticity. One way to detect heteroscedasticity is to use a glacier test.

Moderated Regression Analysis

Several methods of analysis that can be used to measure variables in this study are interaction test, absolute difference value, and residual test. This study uses the absolute difference value test for the following reasons:

1. This model is able to solve the multicollinearity problem which generally occurs very high when using the interaction test
2. This model includes the main effect variable into the regression analysis, while the residual test only includes the interaction effect. Eliminating the main effects in the moderated regression equation will cause the results of the interaction coefficient to be biased towards significant, thereby eliminating the meaning of the interaction effect.

In the absolute difference value test, the value of each independent and moderating variable is a standardized score. Furthermore, the interaction of the independent variable and the moderating variable is measured by the absolute value of the difference between the two variables or using the absolute difference value.

The statistical equation used from this research is :

$$\hat{Y} = a + b_1 zX_1 + b_2 zX_2 + b_3 | zX_1 - zX_2 | + \epsilon \dots \dots (1)$$

This research was conducted to determine the effect of locus of control moderating the relationship between supervisory action on junior auditors performance. Data collection was carried out by distributing questionnaires to eleven public accounting firms registered with the Indonesian Public Accountants Association for the Bali region in 2020.

It can be seen that the number of questionnaires distributed in this study were 68 copies. Researchers did not distribute questionnaires to one KAP on the grounds that the KAP was closed. Of all the number of questionnaires sent, 68 were returned questionnaires and 2 did not return.

This research results show that the number of questionnaires returned by respondents was 66 and after being checked there were 11 questionnaires that could not be used as respondents in the study because they were superiors and senior auditors, so they did not meet the criteria. In this study, the perception of junior auditors is wanted. This research is feasible to continue because based on the central limit theory, the minimum number of samples to find a normal curve reaches a minimum value of 30 respondents. To test the hypothesis in the study of the ability of Locus of Control to moderate the effect of Supervisory Action on junior auditors performance.

RESULTS AND DISCUSSION

The results of the t test that have been carried out on each variable will be presented in Table below:

Table 1. Description Statistic

Model		Coefficients ^a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients				
		B	Std. Error			
1	(Constant)	-1.017	9.844		-.103	.918
	LOC	.123	.132	.118	.931	.356
	SA	.650	.247	.322	2.635	.011
	LOCSA	.046	.017	.331	2.678	.010

a. Dependent Variable: AP

From that Tabel the researcher can give the explanation about statistics results as follow:

1) Locus of Control has a negative effect on Junior Auditor’s Performance(H1)

From Table 4.10 it can be seen that the significance value of the Locus of Control variable is 0.356 which is above the 0.05 level of significance. Thus the first hypothesis which states that Locus of Control has no effect on auditor satisfaction (Iles-Caven et al., 2018; Lestari & Yaya, 2017).

2) Supervisory Action has a positive effect on Junior Auditor’s Performance(H2)

This results can be seen that the Beta value on Supervisory Action is 0.650, with a significance value of 0.011 which is below the 0.05 level of significance. Thus the first hypothesis which states that Locus of Control has a positive effect on Auditor’s Performanceis accepted (Kiazad et al., 2010; Saputra, Trisnadewi, et al., 2019).

3) The higher the Supervisory Action, the higher the job satisfaction of the junior auditors when the Locus of Control increases (H3).

This results can be seen that the significance value of the Locus of control interaction as a moderating variable on the relationship between Supervisory Action and Auditor performance is 0.010 which is below the significant level of 0.05. Thus hypothesis 2 which states that the increasing Locus of Control in an auditor, the more Supervisory Action in increasing Auditor’s Performanceis accepted (Musich et al., 2019). This indicates that the inclusion of the Locus of control variable in the regression will strengthen the effect of Supervisory Action on job satisfaction of junior auditors, which before moderation is significant negative with a value of 0.011 which becomes more significant with a value of 0.010.

This study examines the effect of locus of control on moderating the relationship between supervisory action on Junior Auditor's Performance in KAPs throughout Bali. Based on the explanation of the results of the classical assumption test and moderation regression, some conclusions from the hypothesis can be explained as follows:

1. Locus of Control Has No Effect on Junior Auditors Performance

After testing the hypothesis, the results show that hypothesis 1 is rejected, where the locus of control variable is rejected. The locus of control variable has no effect on auditor job satisfaction. These results are consistent with research conducted by Saputra (2012), This proves that the belief in the success factors of KAP completion of tasks owned by a junior auditor when working at a Public Accounting Firm does not reflect the job satisfaction obtained (Larasdiputra, et al., 2019).

2. Supervisory Action Has a Positive Effect on Junior Auditors Performance

After testing the hypothesis, the results show that hypothesis 2 is accepted, which indicates that the Supervisory Action variable has a positive and significant effect on Junior Auditors Performance. The results of this study are consistent with the results of research conducted by Kiazad et al (2010) which state that Supervisory Action has a positive and significant effect on auditor satisfaction. A senior auditor as a supervisor for junior auditors should maintain and form an intense relationship with his subordinates, namely junior auditors who still lack experience. Guidelines in examining the results of their examination work paper in handling clients must be properly directed. In addition, senior auditors must also create working conditions that are as comfortable as possible in order to reduce work stress levels by increasing the role of counseling (Saputra, Juniariani, et al., 2019). Exemplary action of supervision / Supervisory action is needed because the representation of psychological functions is the impact of career development in KAP which is supported by work experience, knowledge, training, and challenging cases (Paino et al., 2015). This attitude is a form of reflexivity of the amount of work performed by the auditor as a result of the assessment, both from the number of positive inputs rather than the confidence of the amount the auditor will receive. The results of this study are consistent with the research of Adiputra et al (2014); Saputra, Juniariani, et al (2019); Utami & Silvia Sutejo (2012)

3. As the Supervisory Action increases, the Auditor's Performance increases when the Locus of Control increases.

After testing the hypothesis, it is found that hypothesis 3 is accepted, which means that Locus of Control moderates the effect of Supervisory Action on Junior auditors' Performance. The Locus of Control variable is proven to be able to strengthen the relationship between Supervisory Action and Junior Auditor's Performance (Saputra, 2012) in Accounting Public office in Bali. Locus of control which is an individual's ability to be able to influence all events related to him and his work in this study is proven to be able to strengthen the relationship of supervisory action to junior auditors performance (Ajzen, 2002). This is presumably because each individual of the junior auditors has good confidence in completing the audit assignments of their clients (Zhang et al., 2007), which is strongly supported by the strong form of coordination that has been carried out by KAP leaders and senior auditors (Petraşcu & Tleanu, 2014), so that it has a positive impact on junior auditors performance (Islam, 2019).

CONCLUSIONS

Based on the results of the discussion in the previous chapter, the following conclusions can be drawn.

1. Locus of Control Has No Effect on Junior Auditors Performance). This proves that the belief in the success factors of KAP completion of tasks owned by a junior auditor when working at a Public Accounting Firm does not reflect the job satisfaction obtained.
2. Supervisory Action Has a Positive Effect on Junior Auditors Performance. This shows that with the supervision actions carried out by senior auditors, it tends to provide motivation or encouragement for junior auditors. They will know the shortcomings of the paper they are making, so that it becomes motivation to clean up. This will also affect the good performance of the junior auditors.
3. As the Supervisory Action increases, the Auditor's Performance increases when the Locus of Control increases. This is presumably because each individual of the junior auditors has good confidence in completing the audit assignments of their clients, which is supported by strong coordination that has been carried out by KAP leaders and senior auditors, so that it has a positive impact on Junior Auditor's Performance who culminating in good performance.

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