



# JOJAPS

eISSN 2504-8457



Journal Online Jaringan Pengajian Seni Bina (JOJAPS)

## The Influence of Compliance, Materiality and Audit Risk Pressure on the Appropriateness of the Auditor's Judgment at the Public Accounting Firm in North Sumatera

Agustina <sup>a\*</sup>

<sup>a</sup>Department of Financial Analysis, Politeknik Kutaraja, Banda Aceh, Indonesia  
agustina@poltekkutaraja.ac.id

### Abstract

The purpose of this study was to determine the effect of compliance, materiality, and audit risk toward auditor's judgment on the Public Accounting Firm in North Sumatera. This analysis is based on data obtained from 45 respondents, namely auditors who have senior auditor positions and junior auditors at the Public Accountants office in North Sumatera gained by distributing questionnaires. This research is a census research. The data used is a primary data, which is obtained directly from the research subject in the form of respondents' perceptions by circulating the questionnaire in the form of a questionnaire to the respondent. From the number of questionnaires circulated to respondents as many as 52 sheets, only 45 sheets returned with a rate of return reaching 86.53%. Furthermore, the data analysis in this study used multiple linear regression which was processed using a computer program Statistical Product and Service Solution (SPSS) ver 15.0. The results of the study showed that both simultaneously and partially obedient pressure, materiality, and audit risk had an effect on the accuracy of the auditor's judgment at the Public Accounting Firm in North Sumatera. This proves that the higher the pressure of obedience, materiality and audit risk possessed by the auditor, the higher the auditor's judgment.

© 2017 Published by JOJAPS Limited.

*Key-word: - Pressure of obedience, Materiality, Audit Risk, and Auditor Judgment*

### 1. Introduction

Many problems occur in various business cases that exist at present time that involve the profession of auditors. Auditors are required and demanded to provide a quality service. Reports of results that contain statements of auditor opinion are inseparable from judgment (consideration) of important findings that contain elements of uncertainty. Auditors often encounter much pressure in audit assignments that can affect independency so that the resulting judgment is invalid and does not have a quality (Akadiyantor, 2004). Meyer and Rigsby (2001) suggest that an auditor, in carrying out his duties, makes an audit judgment influenced technically and non-technically. Individual behavioral aspects, as one of the factors that influence the making of audit judgment, are now increasingly receiving attention and accounting practitioners from academics. However, the increase of this attention was not matched and balanced by the growth of research in behavioral accounting where in many studies it was not the main focus. The auditor's perspective in responding to information relating to the responsibilities and audit risks will be faced by the auditor in connection with the judgment he made. Literature in the field of accounting has reflected and acknowledged the importance of evaluating the effect of pressure generated from the organization on auditor attitudes, desires, and behavior. Fraud scandals in large company financial statements that happened to Satyam involved a large public accounting firm (KAP) such as Price Waterhouse India. PwC announces that its audit report has the potential to be inaccurate and unreliable because it is based on information obtained from Satyam management. The accountant institution in India ICAI, requested that PwC provide official answers within 21 days regarding the Satyam scandal (Novianti and Adiati, 2009). In Indonesia the same thing happened as reported by BAPEPAM, namely the case of PT. Kimia Farma Tbk, namely the occurrence of overstated net income as of December 31, 2001 (Jamilah, et. Al. 2007), and this case the audited financial statements of PT. Telkom is not recognized by the SEC (the holder of capital market authorities

in the United States).

This event required a re-audit of PT. Telkom by another KAP (Trisnaningsih, 2007). So that the occurrence of cases like this can be a shared learning for the development of the profession of auditors in Indonesia by further improvement of their performance.

## 2. Methodology

### 2.1 The research population

Population is the whole object of research (Arikunto, 2006: 130). The population in this study is the auditor who works in the Public Accountant Office in North Sumatra. The total population is 52 auditors. The population collection technique uses the census method.

### 2.2 Data dan technique of data collection

The data in this study consists of primary data, namely data taken directly from the source or not through the process of collecting other parties or data collected by the researcher directly from the object, namely at the Public Accountant Office in North Sumatra. Data collection is done by distributing questionnaires delivered directly to respondents.

### 2.3. Data Analysis Method

The data analysis model used to test the hypothesis is Multiple Linear Regression, which is processed using the SPSS computer program (Statistical Package for Social Science). The regression models in this study are:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information/ Description:

Y = Judgment Auditor

X<sub>1</sub> = Obedience Pressure

X<sub>2</sub> = Materiality

X<sub>3</sub> = Audit Risk

B<sub>1</sub>β<sub>2</sub>β<sub>3</sub> = Coefficient x<sub>1</sub>x<sub>2</sub>x<sub>3</sub>

α = constant

e = Regression error

## 3. LITERATURE STUDIES

### 3.1 Judgement Auditor

According to Siegel and Marconi (1989: 301), judgment is the most influential behavior in perceiving situations, where the main factors that influence are materiality and what we believe to be truth.

### 3.2 Obedience Pressure

According to the Big Indonesian Dictionary (2005), pressure has a meaning: a state (result) of pressing force; strong pressure; coercion; unpleasant conditions which are generally inner states. Whereas obedience has meaning; likes to obey (orders, etc.); obey (to orders, rules, etc.); disciplined. Compliance is compliant; obedience. While according to Jamilah et al (2007), obedience pressure is the pressure received by the auditor in dealing with superiors and clients to take deviations from ethical standards.

### 3.3 Materiality

Materiality is the amount of value removed or misstatement of accounting information, which is seen from the circumstances that surround it, it can result in changes or influence on the consideration of people who put trust in the information, because of the disappearance or misstatement (Mulyani, 2002: 158).

### 3.4 Audit risk

Audit risk is a risk that arises because the auditor unwittingly does not modify his opinion accordingly, on a financial report that contains material errors (Agoes, 2004: 132)

3.5 Theoretical Framework

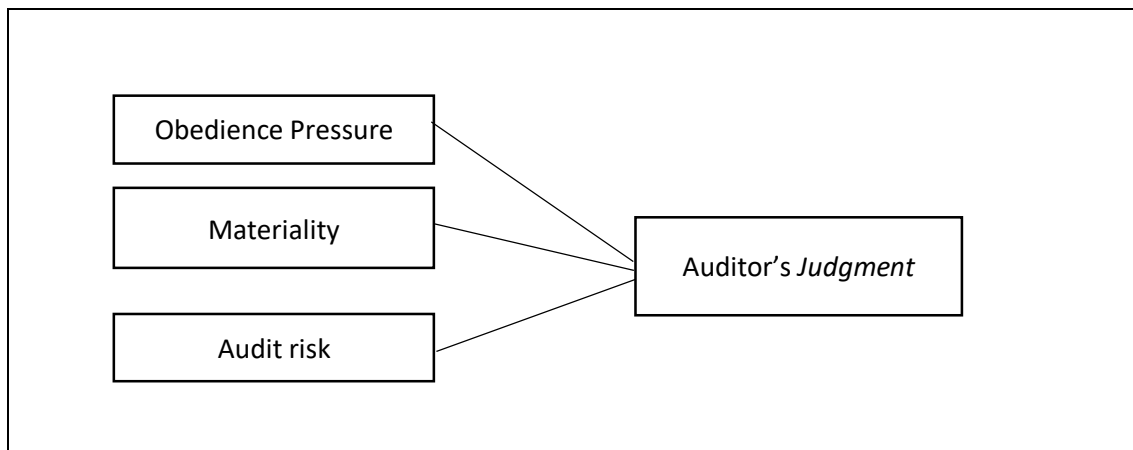


Figure 2.1 Theoretical Framework

3.6 Hypothesis

- H<sub>1</sub>: Pressure of obedience, materiality and audit risk has an effect on simultaneous judgment of the auditor on the Public Accounting Firm in North Sumatra.
- H<sub>2</sub>: Compliance pressure affects the accuracy of the auditor's judgment on the Public Accounting Firm in North Sumatra
- H<sub>3</sub>: Materiality influences the judgment of the auditor's judgment on the Public Accounting Firm in North Sumatra
- H<sub>4</sub>: Audit risk influences the judgment of the auditor's judgment on the Public Accounting Firm in North

4.1. Results of Multiple Linear Regression Analysis

To determine the effect of obedience pressure (X<sub>1</sub>), materiality (X<sub>2</sub>) and audit risk (X<sub>3</sub>) on auditor judgment (Y) on the Public Accounting Firm in North Sumatra, both simultaneously and partially carried out using multiple linear regression (multiplelinear regression) processed with SPSS vers 15.0 in detail can be seen in the following table:

Tabel 4.1 Effect of pressure variables Obedience, Materiality, and Audit Risk on Auditor Judgment

Nama Variabel	B	Standar Error
Konstanta (α)	2,256	0,199
Obedience Pressure	0,135	0,035
Materiality	0,100	0,041
Audit Risk	0,202	0,040

From the analysis results, the following multiple linear regression equations are obtained:

$$Y = 2,256 + 0,135 X_1 + 0,100 X_2 + 0,202 X_3 + \epsilon$$

Based on the results of testing 4.1, it is obtained that all regression (B each independent variable is not equal to zero ( $\beta_1 = 0.135$   $\beta_2 = 0.100$  and  $\beta_3 = 0.202$ ). From the provision that there is at least one  $\beta_i$  ( $i = 1, 2,$  and  $3$ )  $\neq 0$ , then the pressure of obedience, materiality, and audit risk jointly influences the accuracy of the auditor's judgment on the Public Accounting Firm in North Sumatra. This result rejects H<sub>0</sub> (null hypothesis) and accepts H<sub>A</sub> (alternative hypothesis).

Correlation Coefficient (R)

Correlation coefficient (R) = 0.793 shows that the degree of relationship (correlation) between the dependent variable and the independent variable is 79.3%. This means that auditor judgment improvement (Y) is very strong with obedience pressure factors (X<sub>1</sub>), materiality (X<sub>2</sub>), and audit risk (X<sub>3</sub>). Because R is greater than 0.5. In detail can be seen on:

Tabel 4.2

The Model Summary of the Effect of Variable Pressure on Obedience, Materiality, and Audit Risk on the Accuracy of Judgment Auditors

R <sup>2</sup>	R Square (R <sup>2</sup> )	Adjusted (R <sup>2</sup> )	Std. Error of The Estimate	Description
0,793	0,629	0,601	156	Strong Correlation

Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination ( $R^2$ ) = 0.629 which means that 62.9% changes in the dependent variable (auditor judgment) can be explained by changes in the factors of pressure obedience, materiality, and audit risk. This shows that each independent variable has an influence on the auditor's judgment.

## 5. Conclusions and Suggestions

From the results of testing that has been done on the problem formulated in the research hypothesis using multiple linear regression tests supporting H1, H2, H3, and H4, conclusions can be drawn as follows:

1. Variable pressure of compliance, materiality, and audit risk jointly influence the accuracy of the auditor's judgment on the Public Accounting Firm in North Sumatra.
2. Partially obedience pressure variables affect the accuracy of the auditor's judgment on the Public Accounting Firm.
3. Partially the materiality variable influences the accuracy of the auditor's judgment on the Public Accounting Firm.
4. Partially audit risk variables affect the accuracy of the auditor's judgment on the Public Accounting Office.

Based on the limitations of the above research, the researchers gave several suggestions for further research as follows:

1. Future research is expected to expand the population of research. The research population is not only auditors working in the Public Accountant Office in North Sumatra, it might be developed for government auditors working on BPKP, BPK, BAWASDA and public accountants.
2. For other researchers who want to conduct research on the same theme/related topic, it is recommended that more and more varied questions be used and asked in the questionnaire distributed.
3. The KAP is expected to be able to carry out a more in-depth assessment of the compliance pressure faced by auditors in carrying out their audit duties by looking at perceptions of the application of professional standards in Indonesia and it is expected that auditors will adhere to professional norms and standards auditors in order to neutralize actions that deviate from ethical standards that can result in the judgment they produce.

## References

- Agoes, Sukrisno (2004). Auditing (Pemeriksaan Akuntan) oleh Kantor Akuntan Publik. Edisi. 3, Jil. 1. FEUI.
- Akadiyantor (2004). Pengaruh Authoritarianism dan Tekanan Kepatuhan Terhadap Judgment Auitor (Suatu Eksperimen Semua Terhadap Mahasiswa Fakultas Ekonomi Jurusan Akuntansi yang Telah Menempuh Matakuliah Auditing). Skripsi Abstrak
- Arikunto, Suharsimi (2006). Pengaruh Penelitian Suatu Pendekatan Praktisi. Edisi Revisi VI. Jakarta: Rineka Cipta.
- Jamilah, S., Z. Fanani dan G. Chandrarin (2007). Pengaruh Gender, Tekanan Ketaatan dan Kompleksitas Tugas Terhadap Audit Judgment. Simposium Nasional Akuntansi X. Makassar.
- Meyer, M. dan J. T. Rigsby (2001). Descriptive Analisis of The Content and Contribution of Behavioral Research in Accounting 1989-1998. Accounting Journal.
- Mulyadi. (2002). Auditing. Buku 1, Edisi 6. Jakarta: Salemba Empat.
- Novianti, Nenden dan Harriska Farida dan Adiati (2009). Bursa Saham India Bergejolak. Satyam Computer Services, perusahaan outsourcing besar di India. Mengaku telah menipu. Melalui <http://google.co.id>.
- Siegel, Garry dan Helene Ramanauskas. Marconi (1989). Behavioral Accounting South Western Publishing. Ohio
- Trisnaningsih, Sri (2007). Independensi Auditor dan Komitmen Organisasi Sebagai Mediasi Pengaruh Pemahaman Good Govenance, Gaya Kepemimpinan dan Budaya Organisasi Terhadap Kinerja Auditor. Simposium Nasional Akuntansi X. Unhas Makassar.