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The Potency of Internal Locus of Control in Moderating the Effect of Role Conflict, Role Ambiguity and Role Overload upon Auditor Performance

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Abstract

Auditor performance is an interesting topic in accounting field. There is an increase of the needs related to internal auditor performance as the executive of supervision function as well as assessment function upon the adequacy and effectivity of the implemented management controlling system. This study aimed at getting empirical evidence about the Potency of locus of control in moderating the effect of role conflict, role ambiguity and role overload upon auditor performance. The used theory was role theory and affective event theory. The respondents were 41 auditors from area I-IV. The analysis technique was Moderated Regression Analysis (MRA). The finding of this study showed that locus of control weakened the effect of role conflict and ambiguity on auditor performance while locus of control did not moderate role overload on auditor performance.

Key words: role conflict; role ambiguity; role overload; locus of control; auditor performance.

1. Introduction

Auditor performance is an interesting topic in accounting field, in which there is a high attention on auditor profession who has an important role in the society. Checking and giving opinion in financial report is a systematic process in gaining and evaluating evidence objectively about statements of the economy activities and events in purpose of establishing appropriateness level between those statements and the established criteria [1].

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The involvement of someone in conducting his job shows that he takes side of his job [2]. Sometimes, the existence of task and responsibility could rise a conflict in their role as an auditor. There are many problems of corruption, collusion, and nepotism such as fraud case and money laundry practice based on the collusion and nepotism as commonly occurs in Indonesia. In order to decrease these practices, the government established as audit agency. Auditing function can be divided into two namely external auditor and internal auditor. Government internal auditor or well-known as Government Functional Supervision Apparatus (APFP) which is managed by Financial and Development Supervisory Agency (BPKP), Department of General Inspectorate/LPND, and Regional Supervisory Agency. Meanwhile government external auditor is conducted by Financial Audit Agency (BPK). BPK is not under government command, so it is expected that this institution can be independent. This research focuses on the auditors who work in General Inspectorate of Bali Province as the samples of this research. General Inspectorate is an authorized institution to supervise the provincial government lead by an Inspector who is under coordination of and responsible to the Governor and administratively is supervised by Provincial Secretary.

Based on the research conducted by [3], it was found that accounting profession is one of the ten professions with high stress level in United State of America. The stress experienced by the auditor occurred as the consequences of pressure from the role that they got of the work. Study by [4], revealed that role ambiguity and role conflict are the two conditions which may cause stress of the job as an auditor. Moreover, a study by [5] added the third aspect in their research about role stress, i.e. role overload. Besides these findings, Reference [2] in their research about stressor, involved role conflict, role overload, and role ambiguity as parts of stressors caused by role demands.

Role conflict is a perception originated from role holder which happens as the emerging of two or more mutual hopes at once which causes difficulty in conducting those roles at once well [6]. Both roles are as a profession member and as a government apparatus. An internal auditor role conflict may arise from the pressure caused by object of examination because it is related to his/her position in the professional organization [7].

Many studies related to role conflict, role ambiguity, and role overload have been conducted by previous researchers, and many of them revealed that there is difference of research findings. Researches about role conflict conducted by [8,9] stated that role conflict influenced the performance, but other research conducted by [10,11] stated that role conflict does not influence the performance. Meanwhile research conducted by [12] stated that role ambiguity influenced auditor performance. Different research finding is showed a research conducted by [13] which found that role ambiguity does not have significant influence on the auditor performance. A research about role overload has been conducted by [9] which found that role overload influenced the performance. In other hand, a research conducted by [14] found that role overload does not influence the performance.

The inconsistency result of those researches can be caused by another variable which causes the dependent variable and independent variable. One of the variables that may cause this inconsistency is locus of control. The consideration of using locus of control as the variable is that the performance of an auditor is influenced by individual factor which one of them is psychological factor.

A research conducted by [15] stated that audit structure has positive effect on auditor performance, while role conflict, role ambiguity and locus of control have negative effect on auditor performance. [16] stated that locus of control influenced role conflict with Islamic work ethic as the moderator and locus of control does not influence the role ambiguity with Islamic work ethic as the moderator.

In these both researches about locus of control, it proved that locus of control can be used as moderator in a research. Locus of Control (LOC) is a point of view of someone upon phenomenon whether he/she can or cannot control the phenomenon upon him/her [17]. An auditor has congenital factor which influences auditor performance, i.e. locus of control, the possessed experience and Potency [18].

Auditor with tendency of internal locus of control will have more effort and initiative on the performance in conducting auditing duty. It is because they consider that internal locus of control as an effort that should be done if want to be successful. Auditor who can control their activities and behaviors by relying on their effort to audit so it will influence their performance improvement. The implementation of all functions on the auditing task performance that have been conducted on managerial level in auditing organization enables internal audit to fulfill their responsibility. In this study, the researcher focuses on internal locus of control as moderator.

Auditor performance is an interesting topic in accounting field, in which there is a high attention on auditor profession who has an important role in the society. Checking and giving opinion in financial report is a systematic process in gaining and evaluating evidence objectively about statements of the economy activities and events in purpose of establishing appropriateness level between those statements and the established criteria [1]. The involvement of someone in conducting his job shows that he takes side of his job [2]. Sometimes, the existence of task and responsibility could rise a conflict in their role as an auditor.

There are many problems of corruption, collusion, and nepotism such as fraud case and money laundry practice based on the collusion and nepotism as commonly occurs in Indonesia. In order to decrease these practices, the government established as audit agency. Auditing function can be divided into two namely external auditor and internal auditor. Government internal auditor or well-known as Government Functional Supervision Apparatus (*APFP*) which is managed by Financial and Development Supervisory Agency (*BPKP*), Department of General Inspectorate/*LPND*, and Regional Supervisory Agency. Meanwhile government external auditor is conducted by Financial Audit Agency (*BPK*). *BPK* is not under government command, so it is expected that this institution can be independent. This research focuses on the auditors who work in General Inspectorate of Bali Province as the samples of this research. General Inspectorate is an authorized institution to supervise the provincial government lead by an Inspector who is under coordination of and responsible to the Governor and administratively is supervised by Provincial Secretary.

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in their research about stressor, involved role conflict, role overload, and role ambiguity as parts of stressors caused by role demands. Role conflict is a perception originated from role holder which happens as the emerging of two or more mutual hopes at once which causes difficulty in conducting those roles at once well [6]. Both roles are as a profession member and as a government apparatus. An internal auditor role conflict may arise from the pressure caused by object of examination because it is related to his/her position in the professional organization [7]. Many studies related to role conflict, role ambiguity, and role overload have been conducted by previous researchers, and many of them revealed that there is difference of research findings. Researches about role conflict conducted by [8,9] stated that role conflict influenced the performance, but other research conducted by [10,11] stated that role conflict does not influence the performance. Meanwhile research conducted by [12] stated that role ambiguity influenced auditor performance. Different research finding is showed a research conducted by [13] which found that role ambiguity does not have significant influence on the auditor performance. A research about role overload has been conducted by [9] which found that role overload influenced the performance. In other hand, a research conducted by [14] found that role overload does not influence the performance. The inconsistency result of those researches can be caused by another variable which causes the dependent variable and independent variable. One of the variables that may cause this inconsistency is locus of control. The consideration of using locus of control as the variable is that the performance of an auditor is influenced by individual factor which one of them is psychological factor. A research conducted by [15] stated that audit structure has positive effect on auditor performance, while role conflict, role ambiguity and locus of control have negative effect on auditor performance. Reference [16] stated that locus of control influenced role conflict with Islamic work ethic as the moderator and locus of control does not influence the role ambiguity with Islamic work ethic as the moderator. In these both researches about locus of control, it proved that locus of control can be used as moderator in a research. Locus of Control (LOC) is a point of view of someone upon phenomenon whether he/she can or cannot control the phenomenon upon him/her [17]. An auditor has congenital factor which influences auditor performance, i.e. locus of control, the possessed experience and Potency [18]. Auditor with tendency of internal locus of control will have more effort and initiative on the performance in conducting auditing duty. It is because they consider that internal locus of control as an effort that should be done if want to be successful. Auditor who can control their activities and behaviors by relying on their effort to audit so it will influence their performance improvement. The implementation of all functions on the auditing task performance that have been conducted on managerial level in auditing organization enables internal audit to fulfill their responsibility. In this study, the researcher focuses on internal locus of control as moderator.

2. Theoretical review

Role Theory

Role theory is an individual characteristic which studies behavior that is appropriate with the position in the society [19]. Every individual should have a role, either inside or outside of their job. Every role demands different behavior. Individual or different party could rise hope of consisting conflict for the role holder themselves. [20] described kinds of role stress such as role conflict, role ambiguity and role overload.

Affective Events Theory

Affective events theory (AET) is a model which describes events in the work place that cause emotional reactions on the employee, so it can affect the change of behavior and attitude in the work place. AET shows there is employee's reaction raises as the result of events happened in the workplace and could influence their performance and work satisfaction [2].

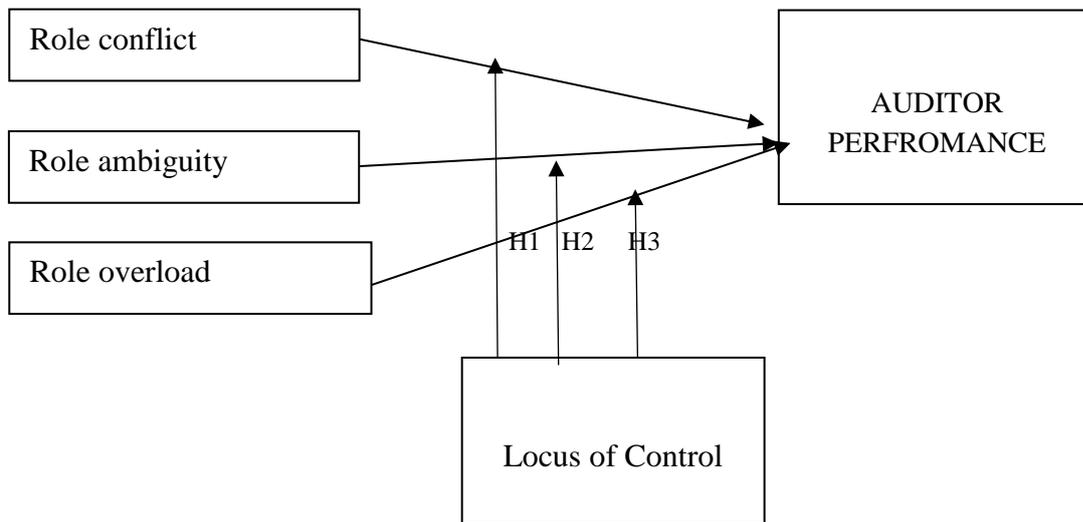


Figure 1: Research Concept

Based on the research concept, so the hypothesis of this research can be formulated as follows:

- H₁ : internal Locus of Control weakens the effect of role conflict on the auditor performance.
- H₂ : internal Locus of Control weakens the effect of role ambiguity on the auditor performance.
- H₃ : internal Locus of control weakens weakens the effect of role overload on the auditor performance.

3. Research method

This research was conducted in Inspectorate Office of Bali Province. It is located at JL. D.I. Panjaitan, No. 14, Renon, Denpasar, Bali. The time of conducting this research was on 17th May 2018. The data were collected through questionnaires and the measurement used 5 points of Likert scale. The population was the apparatus of Inspectorate Office of Bali Province. The sample was collected thought purposive sampling technique. The respondent or the research sample of this research was the Inspectorate apparatus who acted directly as the auditor in the Government of Bali Province, i.e. Inspector and all apparatus of Assistant Inspectorate Region I-IV who were in total 52 people. The research instruments, for role conflict, role ambiguity and role overload were adopted from the research of [21] while instrument for locus of control was tested by using instrument of The Work Locus of Control (WLCS) which is developed by [22] and it is used in the research conducted by [23]. The data analysis techniques used Moderated Regression Analysis (MRA).

4. Research finding and discussion

Based on the calculation, the regression equation result can be seen as in the following Table 1:

Table 1: The Result of Moderated Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-2.869	36,494		-0.079	0.938
Role Conflict	-2.660	1.186	-2.320	-2.242	0.032
Role Ambiguity	2.473	0.761	2.725	3.250	0.003
Role Overload	1.261	1.285	1.099	0.981	0.334
Locus of control	0.145	1.788	0.127	0.081	0.936
Role Conflict * Locus of control	0.145	0.062	3.947	2.346	0.025
Role Ambiguity * Locus of control	-0.109	0.036	-3.760	-3.022	0.005
Role Overload * Locus of control	-0.027	0.061	-0.854	-0.446	0.658

Source: processed data, 2018

From the above Table 1, it can be seen that the regression equation result as follows:

$$Y = 2.289 + 2.660 * X_1 + 2.473 * X_2 + 1.261 * X_3 + 0.145 * X_4 + 0.145 * X_1 X_4 - 0.109 * X_2 X_4 - 0.027 * X_3 X_4 + e \dots \dots \dots (1)$$

Based on Table 1, the result of research hypothesis test is as follows:

- 1) The test result in Table 1 shows that β_1 has negative value of -2.660 and β_5 has positive value of 0.145 with significant level of 0.025 which is > 0.05 . It means that variable of internal locus of control weakened the effect of role conflict on the auditor performance in Inspectorate Office of Bali Province, so the H_1 was accepted.
- 2) The test result in Table 1 shows that β_2 has positive value of 2.473 and β_6 has negative value of -0.109 with significant level of 0.005 which is > 0.05 . It means that variable of internal locus of control weakened the effect of role ambiguity on the auditor performance in Inspectorate Office of Bali Province, so the H_2 was accepted.
- 3) The test result in Table 1 shows that β_3 values 1.261 and β_7 values -0.027 with significant level of 0.658 which is < 0.05 . It means that variable of internal locus of control could not moderate the effect of role overload on auditor performance, so H_3 was denied.

The Potency of Internal Locus of Control in Moderating the Effect of Role Conflict on Auditor Performance

The research finding showed that when the locus of control is low, so an auditor will feel that they less-confident with their ability in facing a challenge as auditor of inspectorate apparatus. It will raise the role conflict which degrades performance of the auditor. When an auditor has high internal locus of control, so he/she will have high confidence on his/her own ability to face the challenge and threat that may rise from the workplace [24] as well as having effort, initiative and high confidence to finish the problem that may arise in the work, so strategy of solving work-overload problem and role conflict can be pro-active.

The Potency of Internal Locus of Control in Moderating the Effect of Role Ambiguity on Auditor Performance

The finding of this research showed that when the locus of control is low, so an auditor will feel that they less-confident with their ability in facing a challenge as auditor of inspectorate apparatus. It will raise the role ambiguity which degrades the auditor performance. Reference [4] in [25] stated that an organizational environment could influence every individual about their behaviour. If an individual could not get the message well from the message sender, so the message will be considered ambiguous, so the sender will respond badly.

The Potency of Internal Locus of Control in Moderating the Effect of Role Overload on Auditor Performance

The finding of this research showed that every individual believe that they could control what happens on themselves, while the other believe that whatever happen on them are caused by outside power such as luck and opportunity [26]. The first type is internal Locus of Control type while the second type is external Locus of Control type [17]. With these 2 types of locus of control, it may raise the opportunity of result of not moderating the effect of role overload on auditor performance.

5. Conclusion and suggestion

Based on the described analysis and discussion, so it can be concluded that: (1) Internal locus of control weakens the negative effect of role conflict on auditor performance, (2) internal locus of control weakens the effect of role ambiguity on auditor performance, (3) locus of control could not moderate the effect of role overload on auditor performance. The suggestions that may raise from the conclusion of this research are (1) for the Inspector of Inspectorate Office of Bali Province, i.e. there should be evaluation in signing auditor apparatus in Inspectorate Office of Bali Province in which what tasks, responsible and roles that should be handled in their workplace; (2) for other researcher, they can conduct a research which not only use internal locus of control as moderator, but can be developed for other variable; (3) for internal auditor of Inspectorate Office of Bali Province, they can implement self-controlling system by improving the implementation of locus of control in themselves, so the effect will be positive in the future especially in improving their performance.

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