

The Influence of Locus of Control and Cultural Organization Ethical Decision of Auditors (Study on BPKP Representative of Southeast Sulawesi Province)

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Abstract:- *This research aims to determine and analyze the influence of locus of control and organizational culture on ethical decision-making. Data were obtained from 40 auditors working at BPKP Representatives of Southeast Sulawesi Province. The hypothesis of this research was analyzed by using multiple linear regression analysis method. The results of this research indicate that the locus of control has a positive and significant effect on auditor ethical decision-making. Organizational culture has a positive and significant impact on auditor ethical decision-making. Locus of control and organizational culture simultaneously have a positive and significant impact on auditor ethical decision-making.*

Keywords: locus of control, organizational culture and ethical decision-making

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I. Preliminary

The role of government auditors is increasingly important, especially in the context of enhancing accountability and transparency in the management of state and regional finances and operations. Heads of state, ministers and regional heads are in urgent need of the auditor's services to believe that government affairs organized by the institutions under him have worked in accordance with the prevailing laws and regulations. The auditors should be able to provide their best audit report, in which case all users can use the report (Nadirisyah, 2010).

The auditor is a profession full of ethical decision issues, because the auditor often faces a dilemmatic situation in carrying out his audit duties. In addition to obedient to the leadership of the workplace, also must face the demands of the community to provide an honest report. However, the ability to make ethical judgments and act ethically is a requirement for the auditor to recognize an ethical issue (Dewi, 2015). An ethical dilemma in setting auditing can occur when the auditor and auditee disagree on some aspects of the functions and purposes of the investigation. In these circumstances, the auditee may affect the auditing process performed by the auditor. Auditee may pressure the auditor to perform actions that violate inspection standards. In such situations the auditor is faced with conflicting decision choices related to his or her examination activities. In such situations the auditor is expected to make ethical considerations that will ultimately affect the decision to be taken (Purba, 2011).

Accounting actually talks about consideration and taking Decisions from individuals such as investors, managers, and auditors. Consideration and decision making become an important issue for practitioners and accounting researchers. Everyone must make decisions, whether ethical decisions or unethical decisions. Ethical decision-making is a decision both legally and morally acceptable to the public at large that puts the welfare of a person at risk, meaning that a person will be influenced positively or negatively by the decision. While unethical decision-making is a decision made unilaterally for the sake of self-interest and can harm others and will lead to violations of ethics.

Research on auditor ethics is increasingly widespread both inside and outside the country. In Indonesia, the issue of auditor ethics evolves with the occurrence of several ethical violations, whether committed by independent auditors, internal auditors, and government auditors. Highlights given to the auditor profession are caused by various factors including professional practices that ignore auditing standards and even codes of conduct. This causes an unfavorable impact on the auditor profession.

Trevino states that ethical decision making is an interaction between individual factors and situational factors. Various studies suggest that the locus of control is important in determining individual behavior. In the study Esa (2014) and Murti (2016) locus of control significantly influence the auditor ethical decision making. They stated that the auditors who have an internal locus of control tend to behave more ethically in decision-making than auditors who have an external locus of control. This is because the locus of control is a concept that

demonstrates the individual's beliefs about events that happened in his life. Another factor that can determine the behavior of individuals within an organization is the culture of the organization. Organizational culture is a system of meaning, values and belief shared in an organization that became a reference to act and distinguish one organization with other organizations.

Based on the above, it can be some problems, namely: whether the locus of control influence the ethical decision making, whether organizational culture influence the ethical decision making, and whether locus of control and organizational culture simultaneously influence ethical decision making. The purpose of this research are: to know and analyze the influence of locus of control on ethical decision making, identify and analyze the influence of organizational culture on ethical decision making, and to know and analyze the influence of locus of control and organizational culture simultaneously to ethical decision making.

II. Literature Review

1. Locus of Control

The concept of locus of control (the control center) was first proposed by Rotter, an expert on social learning theory. Locus of control is a concept that demonstrates the individual's beliefs about events that happened in his life. Locus of control leads to a measure that shows how one views The possibility of a relationship between an action being committed with or effect Results obtained. Locus of Control consists of locus of control internal and external locus of control.

According to Robbins and Judge (2008) locus of control (locus of control) as the degree to which individuals believe that they are of their own fate. Internals are individuals who believe they are in control of whatever happens to them, while the external is the individual who believes that whatever happens to them is controlled by outside forces.

2. Organizational Culture

According to Mas'ud (2004), organizational culture is a system of meaning, values and belief shared in an organization that became a reference to act and distinguish one organization with other organizations. Organizational culture then becomes the main identity or character of the organization that is maintained and maintained. A strong culture is a very useful tool for guiding behavior, because it helps members of the organization to do a better job so that each member of the organization early in his career needs to understand the culture and how it is implemented.

According to Robbins and Judge (2008), organizational culture is the idea to view organizations as cultures, where there is a shared system of meaning shared by its members which is a relatively new phenomenon. Robbins and Judge (2008) provide the following seven cultural characteristics: (1) Innovation and risk-taking courage, (2) Attention to detail, (3) Orientation of results, (4) Individual orientation, (5) Team orientation, (6) Aggressiveness, and (7) Stability.

3. Ethical Decision Making

In general, called the decision an ethical or unethical decisions is a decision that significantly affects the welfare of human beings or human goal attainment. An ethical decision is a decision that puts the welfare of a person at risk, meaning that a person will be influenced positively or negatively by the decision.

According to Jones, the ethical decision (ethical decision) is a decision that is both legally and morally acceptable by the public. Jones stated there are three main elements in ethical decision making, namely: (1) Issue Moral, (2) Agent Moral, and (3) Ethical Decision.

Models of ethical decision making developed by Trevino stated that the ethical decision is an interaction between individual factors (individual moderators) like ego strength, field dependence and locus of control and situational factors (person-situation interactionist model) as immediate job context, organizational culture and characteristics of the work.

4. Previous Research

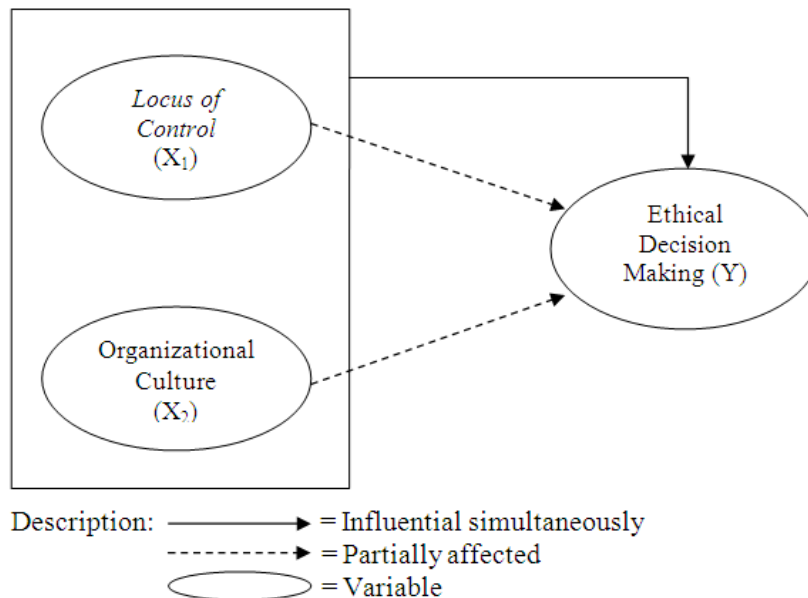
Research by Esa (2014) "Influence Behavior (locus of control) and the Auditor Ethical Dilemmas of Decision on Office BPK-RI and KAP in Makassar". This study suggests that the auditors who have an internal locus of control tend to behave more ethically in decision-making rather than an external auditor who has locus of control. Further research Yudhistira (2016) on "The Influence of Organizational Culture, Professional Commitment, and level of religiosity Against Auditor Ethical Considerations". This study suggests that organizational culture affects ethical considerations of auditors of ethical auditor decisions.

5. Research paradigm

As explained earlier, the factors that influence ethical decision making are individual and situational factors. Factors individual in question is the locus of control is closely linked to how one views The possibility

of a relationship between an action being committed with or effect Results obtained. While the situational factor in question is an organizational culture that is closely related to the system of meaning, values and belief shared in an organization that became a reference to act and distinguish one organization with other organizations. Based on the theoretical basis and previous research, it is necessary to have a framework to help in understanding this research.

Scheme 1. Research Paradigm



6. Hypothesis Mining

Hypothesis used in this research is as follows:

- H₁ : Locus of control influence the ethical decision making.
- H₂ : The organizational culture influence the ethical decision making.
- H₃ : Locus of control and organizational culture influence simultaneously on ethical decision making.

III. Research Methods

The object of this research is the locus of control (X₁) and organizational culture (X₂) as the independent variable and ethical decision making (Y) as the dependent variable. The research was conducted at the Agency for the Supervision of Finance and Development (BPKP) Representative of Southeast Sulawesi Province addressed at Jalan Balai Kota I No. 15, Kendari City-Southeast Sulawesi Province.

The population in this study is all auditors in the scope of BPKP Representatives of Southeast Sulawesi Province as many as 53 auditors. Sampling technique in this study using saturation sampling technique is often called the census method sampling technique when all members of the population used as a sample as many as 53 people. The type of data used in this study is quantitative data. Quantitative data is data in the form of numbers. In accordance with its form, quantitative data can be processed or analyzed using statistical calculation techniques. Quantitative data in this study is the value or score of answers given by the respondents to the statements contained in the questionnaire.

Sources of data in this study are: (1) Primary data is data collected by the researchers themselves directly from the first source or where the object of research conducted. Primary data in this research is a written response from auditor BPKP Representative of Southeast Sulawesi Province as respondents who become sample of research through questionnaire given. (2) Secondary data shall be data published or used by non-processing organizations. Data collection methods used in this study are: (1) questionnaire is an information gathering technique that allows analysts to learn the attitudes, beliefs, behaviors and characteristics of some key people within the organization that can be affected by the proposed system or by a system that has been there is. For the locus of control questionnaires obtained from Mas'ud (2004), organizational culture questionnaire obtained from research Alindra (2015) while the ethical decision making questionnaire obtained from research Esa (2014). (2) Documentation, retrieval of data that has been documented by BPKP Representative of South East Sulawesi Province.

IV. Research Result And Discussion

1. Research result

a. Description of Research Variables

The independent variable in this study is the locus of control (X_1) measured by two indicators consist of four statements. The distribution of answers for the locus of control variable is categorized strongly with the percentage of the answer score tendency of 66.13%. As well as organizational culture (X_2) as measured with 7 indicator consists of 14 statements. The distribution of answers for organizational culture variables is categorized strongly with the percentage of the tendency of answer scores of 72.18%. While the dependent variable in this study is ethical decision making (Y) measured by 3 indicators consisting of 10 statements. The distribution of answers to ethical decision-making variables is categorized strongly with the percentage of the answer score tendency of 76.60%.

Furthermore, the data quality test of the questionnaire used, where based on the results of validity test and reliability test obtained that the overall items and indicators of this research variables show a valid and reliable results. This decision was taken because the Pearson correlation values > 0.30 with a significance level of <0.05 and a correlation coefficient of the results of Cronbach alpha > 0.60.

b. Description of Linear Multiple Regression Analysis

Multiple linear regression analysis is used to determine whether there is influence of the variable locus of control and organizational culture on ethical decision making and from the processing auditor obtained value as listed in the following table:

Table 1 Results of Linear Multiple Estimates

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,709	,470		3,633	,001
	Locus of Control	,337	,128	,365	2,625	,013
	Organizational Culture	,284	,106	,372	2,669	,011

Based on the above coefficient results can be obtained the following equation:

$$Y = 1,709 + 0,337X_1 + 0,284X_2 + \epsilon$$

The regression coefficient for the variable locus of control is 0.337 times, it can be interpreted that there is a positive relationship between locus of control on ethical decision making auditor. Therefore, when the variable locus of control an increase of 1 times and the other independent variables assumed to be constant or equal to zero, then the dependent variable auditor ethical decision making will increase by 33.7%. The regression coefficient for organizational culture variable is 0,284 times, it can be interpreted that there is positive correlation between organizational culture to auditor ethical decision making. So if the organizational culture variable occurs 1 time increase and the other free variable is assumed to be constant or equal to zero, then the dependent variable of auditor ethical decision will increase by 28.4%.

c. Hypothesis testing

1. Partial Test (t test)

Hypothesis testing results obtained t_{count} for variable locus of control = 2,625 > $t_{table} = 1.6871$ or with a significance level of 0.013 <of $\alpha = 0.05$, test results, we can conclude that H_0 is rejected. This means that the locus of control influence partially on ethical decision making auditor. As for the organizational culture variables obtained $t_{count} = 2,669$ > $t_{table} = 1.6871$ or with a significance level of 0.011 <of $\alpha = 0.05$, test results, we can conclude that H_0 is rejected. This means that organizational culture partially influences ethical decision making auditors.

2. Simultaneous Test (F Test)

Results of testing the hypothesis that the value $f_{count} = 10.478$ > of the value of $f_{tables} = 3.25$ or with a significance level of 0.000 <of $\alpha = 0.05$, we can conclude that H_0 is rejected. This means that all independent variables ie, locus of control and organizational culture together significantly influence ethical decision making auditor.

d. Determination Coefficient Test

The coefficient of determination (R^2) In this study amounted to 0.362. This shows that the magnitude of the direct influence of locus of control variables (X_1) and organizational culture (X_2) on ethical decision making auditor (Y) is 36,2%. This means that there is another variable or variable epselon (ϵ) of 63.8% which affects variable Y but not measured in the study.

II. Discussion

a. Influence of Locus of Control on Ethical Decision Making

Hypothesis testing results show that the locus of control is partially positive and significant impact on ethical decision making. It shows that the higher the locus of control of an auditor, the better in ethical decision making.

The theory that supports this research is the attribution theory developed by Fritz Heider which states that one's behavior is determined by a combination of internal forces and external forces. In behavioral studies, the theory is applied with variable dipergunakannya locus of control. Locus of control leads to a measure that shows how one views The possibility of a relationship between an action being committed with or effect Results obtained. The results are consistent with research conducted by Esa (2014) which states that there are significant locus of control on ethical decision making and research Murti (2016) which states that one of the factors that may affect the auditor's ethical decision making locus of control.

In accordance of the results of analysis of responses to variable locus of control showed that indicators of internal locus of control is an indicator of the most dominant. This indicates that the auditor BPKP Representative of South East Sulawesi who have an internal locus of control will tend to behave more ethically in decision decisions than with auditors who have an external locus of control. This is because the auditor with a more internal locus of control believe that the results of an activity depends on the effort and hard work. Auditors with internal locus of control has always tried to be careful in making decisions during the audit, and always consider the risks. They will make decisions in accordance with audit findings even under pressure from management and auditee and will be based on predetermined audit standards. While the auditor with an external locus of control believe that events in life are beyond its control and they believe that what happens to them is controlled by outside forces such as fate, luck, and fate. Therefore, auditors with external locus of control It is more likely to meet auditee requests so that decisions are made not on the basis of predetermined audit standards and will pose a substantial risk to itself as well as the organization.

b. The Influence of Organizational Culture on Ethical Decision Making

The result of hypothesis testing shows that organizational culture is partially positive and significant influence to ethical decision making. It shows that the higher the organizational culture that is owned then the better in decision making.

The theory that supports this research is modern organizational theory which sees the interaction between organizational elements to support organizational goals. The organization is a complete entity. More specifically, modern organizational theory concentrates on organizational goal-setting behavior, motivation, and problem-solving characteristics. A strong culture is a very useful tool for guiding behavior, because it helps members of the organization to do a better job so that each member of the organization early in his career needs to understand the culture and how it is implemented. The results of this study in accordance with research Yudhistira (2016) which states that organizational culture have a positive effect on ethical considerations auditors. However, this study is incompatible with Mudassir's (2016) study which states that organizational culture has not been an important factor in the ethical decision-making process. This is due to differences in questionnaires used in collecting research data.

In accordance of the results of the analysis of respondents' answers to organizational culture variables indicate that indicators of orientation to the team is a dominant indicator. It indicates that BPKP auditors are more concerned with the goals of the organization together than prioritizing the individual interests so that it can encourage auditor behavior to keep the agreed values, for example, still adhere to the audit standards and codes of conduct in performing their duties. In addition, a good relationship between auditors can improve the comfort and work motivation that will impact on the behavior of auditors so that auditors can carry out their work with a compact and reliable and work with full responsibility in order to get good and maximum results for the organization. The existence of linkage between organizational culture and behavior shows that the better and better relationship between auditors and the rules applied in BPKP Representation of Southeast Sulawesi Province will have a good effect on the behavior of auditors in the work.

c. Influence of Locus of Control and Cultural Organization Simultaneous to Ethical Decision Making

Hypothesis testing results show that the locus of control and organizational culture simultaneously positive and significant impact on ethical decision making auditor. It shows that the higher the locus of control and organizational culture it will be better in making ethical decisions.

Locus of control and organizational culture is an important factor that can push a person's behavior in an organization. This is because the auditors who have a high locus of control are more confident that the results of an activity depends on the business and results rather than determined by fate, luck and fate. Likewise with organizational culture, a strong culture is a very useful tool for directing behavior, because it helps members of the organization to do a better job. It is also in accordance with the ethical decision-making model developed by Trevino through His paper, entitled Ethical Decision Making in Organizations: A Person Situation interactionist model that states that one's ethical decision making in an organization is influenced by individual factors (locus of control) and Situational factors (organizational culture).

V. Conclusions And Recommendations

After testing and analysis of data in this study, it can be drawn conclusion in accordance with the hypothesis that has been formulated previously, namely:

1. Hypothesis testing results show that the locus of control is partially positive and significant impact on ethical decision making. It shows that the higher locus of control of an auditor, the better in ethical decision making.
2. Hypothesis testing results indicate that organizational culture is partially positive and significant impact on ethical decision making. It shows that the higher organizational culture who owned the better in decision making.
3. Hypothesis testing results show that the locus of control and organizational culture simultaneously positive and significant impact on ethical decision making auditor. This means that the higher locus of control and organizational culture which is owned by an auditor, the better in making ethical decisions.

As for the suggestions submitted for the next researcher, this study focuses on only 2 variables, so that the next researcher is expected to test other variables that may affect the ethical decision making.

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