



Machiavellian Character Mediate the Effect of Locus of Control in Auditor Dysfunction Behavior



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Article history:

Submitted: 27 November 2019

Revised: 18 December 2019

Accepted: 03 January 2020

Keywords:

auditor dysfunctional behavior;

Garuda Indonesia;

locus of control;

machiavellian character;

public accounting firm;

Abstract

This study aims to examine the character of Machiavellian in mediating the effect of locus of control on auditor dysfunctional behavior. This research was conducted by survey method through the distribution of questionnaires to auditors who work in public accounting firms in the province of Bali. The study population used in this study were all auditors working on KAP with a purposive sampling method. The number of samples acting as respondents amounted to 43 auditors, then the data obtained were analyzed by path analysis in SPSS. Based on the results of data analysis shows that the external locus of control and Machiavellian trait have a positive effect on the auditor dysfunctional behavior. This study also proves that Machiavellian trait variables mediate the influence of external locus of control on auditor dysfunctional behavior.

International research journal of management, IT and social sciences © 2020.

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1 Introduction

Several cases of corporate financial reporting scandals involving the public accounting profession have been in the spotlight lately. The case that occurred at PT Garuda Indonesia resulted in the imposition of sanctions for public accountant Kasner Sirumapea in the form of a license suspension for 12 months and a written warning accompanied by an obligation to make improvements to the Quality Control System to the Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Colleague. The examination results prove that public accountant Kasner Sirumapea has not fully complied with Audit Standards (SA 315, SA 500, and SA 560), whereas for KAP Tanubrata, Sutanto, Fahmi, Bambang & Partners are deemed not to have implemented an optimal KAP Quality Control System related to consultation with parties external. Another case also occurred at PT Hanson International Tbk where Sherly Jokom from KAP Purwamtono, Sungkoro, and Surjan partner from Ernst and Young (EY) were found to have violated Article 66 of the UUPM jis. Paragraph A 14 of SPAP SA 200 and Section 130 of the Professional Accountant's Code of Ethics so that they receive sanctions in the form of a freeze on the registered certificate for one year.

The audit case that occurred at PT Garuda Indonesia and PT Hanson International Tbk raise questions about why auditors are acting in the direction of dysfunctional behavior so that they get entangled in audit scandals like this and what factors cause this dysfunctional behavior to occur. The auditor dysfunctional behavior is a deviation or discrepancy between the audit program and its application during the audit process (Anita *et al.*, 2018). The auditor dysfunctional behavior is described as auditor behavior in the audit process which directly or indirectly causes a decrease in audit quality (Dunstan, 2017). The dysfunctional auditor behavior that endangers audit quality is: underreporting of time, premature sign-off, and altering or replacing audit procedure (Martiana & Masitoh, 2018).

Lukman (2017), states that the auditor dysfunctional behavior can be caused by work factors or external factors as well as personal or personal factors of the auditor itself. As in accounting research, the behavior of internal and external factors that influence a person's behavior is explained through attribution theory. Attribution theory is used in explaining the cause of someone's behavior where this theory learns how someone interprets an event as well as how someone interprets the reason or cause of his behavior. In the theory of attribution of a person's behavior is determined by a combination of internal forces that originate from within themselves and forces that come from outside (Suartana, 2010). In behavioral research, attribution theory is applied by using the locus of the control variable. Locus of control is a personal factor that can influence auditor dysfunctional behavior. Rotter (1966), defines the locus of control as a view of the extent to which individuals feel that the results obtained depend on one's own behavior or are controlled by forces that come from outside themselves. When the individual views that what is obtained is the result of his own actions, the view is classified as an internal locus of control, whereas when the individual views that the results are influenced by luck, then that view belongs to the external locus of control.

Auditors with high external locus of control lack trust in their abilities so they are less able to carry out their duties properly because they only rely on luck and luck, in contrast to auditors who have internal locus of control who trust more in their own women and business so they will not do fraud where the auditor will minimize the occurrence of dysfunctional behavior (Pranyanita & Sujana, 2019). External auditor locus of control will make the auditor easily anxious and worried and tends to behave dysfunctionally to maintain position (Devi & Ramantha, 2017).

Considering the two cases that have been presented previously, it raises the suspicion that there are other personal factors that influence the auditor dysfunctional behavior, namely the character of Machiavellian. Machiavellian character is a perception of the relationship between personalities that shape a person's personality in determining how his attitude in dealing with others (Setyaniduta & Hermawan, 2016). The Machiavellian character is associated with manipulative individuals, using persuasive behavior to achieve personal and aggressive goals which in the accounting profession the Machiavellian character is a threat (Asmara, 2017; Putra *et al.*, 2020). Machiavellian character tends to ignore integrity and honesty in order to achieve goals and have the opportunity to behave dysfunctionally (Saputri & Wirama, 2015).

Various studies related to locus of control and the character of Machiavellian have been carried out in predicting the dysfunctional behavior of auditors, but more than that there are some previous studies that show that there is a relationship between locus of control and the character of Machiavellian. Solar & Bruehl (1971), have examined the relationship between these two variables, the result is that external locus of control has a higher influence on Machiavellian character than internal locus of control. Someone with an external locus of control such as Machiavellian who emphasizes getting to know the right person and maybe motivated to manipulate others to get help to survive is different from a hardworking internal locus of control so that it seems unlikely that someone with an internal locus of control will Machiavellian. This research is also supported by research by Galli *et al.* (1986), and Ruiz & Banon (2016), which shows there is a positive relationship between external locus of control on the Machiavellian character.

Nadi, I. M. P. P., Suputra, I. D. G. D., Wirajaya, I. G. A., & Sari, M. M. R. (2020). *Machiavellian character mediate the effect of locus of control in auditor dysfunction behavior. International Research Journal of Management, IT and Social Sciences*, 7(1), 66-71. <https://doi.org/10.21744/irjmis.v7n1.823>

Based on the background that has been described previously, this study was conducted to examine the character of Machiavellian in mediating the locus of control on auditor dysfunctional behavior. The reason for using the Machiavellian character as a mediating variable is because there is research that shows there is a relationship between the locus of control on the Machiavellian character so it is suspected that there is an indirect influence between the locus of control on the auditor dysfunctional behavior.

Literature Review and Hypothesis Development

The Effect of External Locus of Control on Auditor Dysfunctional Behavior

Locus of control is the extent to which individuals feel that the results obtained depend on the behavior of the individual itself or controlled by forces that come from outside himself (Rotter, 1966). A high external locus of control on the auditor will cause the auditor to lack confidence in his ability, in contrast to the internal locus of control, which believes more in his own womanhood and effort so as to minimize the occurrence of dysfunctional behavior (Pranyanita & Sujana, 2019). Research conducted by Devi & Ramantha (2017); Pranyanita & Sujana (2019); Utami & Rejeki (2016); and Hartanto (2016), found that external locus of control had a positive effect on auditor dysfunctional behavior. Based on this research, hypothesis 1 in this study are:

H1: External locus of control has a positive effect on auditor dysfunctional behavior.

The Effect of Machiavellian Character on Auditor Dysfunctional Behavior

Machiavellian character is a personality where individuals will justify all means by not caring about the value of honesty and integrity in order to obtain their goals (Devi & Ramantha, 2017). Auditors with Machiavellian traits have the opportunity to behave dysfunctionally because individuals with Machiavellian traits perceive that ethics and social responsibility are not important (Saputri & Wirama, 2015). The research of Devi & Ramantha (2017); Saputri & Wirama (2015), as well as Setyaniduta & Hermawan (2016), found that the Machiavellian character had a positive effect on the auditor dysfunctional behavior. Based on this research, hypothesis 2 in this study are:

H2: The Machiavellian character has a positive effect on auditor dysfunctional behavior.

The Effect of External Locus of Control on Auditor Dysfunctional Behavior is mediated by Machiavellian character

Solar & Bruehl (1971), state that individuals with an external locus of control will feel themselves helpless in a world that is controlled by fate and luck so that they tend to be Machiavellian by knowing the right people and manipulating to get help. Individuals with Machiavellian characters may wish to have control over the lives of others and may not feel that they have control over their own lives (Galli *et al.*, 1986). Research conducted by Solar & Bruehl (1971); Galli *et al.*, (1986); Dewi & Ramantha (2019); and Ruiz & Banon (2016), found that external locus of control had a positive effect on the character of Machiavellian. Based on this research it is suspected that there is an indirect effect between external locus of control on the auditor dysfunctional behavior through the Machiavellian character, so hypothesis 3 in this study is:

H3: Machiavellian character mediates the effect of external locus of control on auditor dysfunctional behavior.

2 Materials and Methods

This research was conducted by survey method through the distribution of questionnaires to auditors working in public accounting firms in the province of Bali. The number of samples that acted as respondents amounted to 43 auditors selected by the purposive sampling method, namely accountants who had worked as auditors for at least 1 year in the KAP. Data obtained in this study will be analyzed by path analysis using SPSS.

3 Results and Discussions

Path Analysis Results

Based on the results of data processing obtained summarized path coefficients as presented in table 1 below:

Table 1
Path Coefficient

Direct Effect	Unstandardized Coefficient	Coefficient	Standard Error	t-statistic	P. Value	Description
X → I	0,641	0,679	0,108	5,927	0,000	Sig.
X → Y	0,192	0,276	0,081	2,356	0,023	Sig.
I → Y	0,460	0,626	0,086	5,337	0,000	Sig.

Primary Data, 2019

Based on the summary of the path coefficients presented in Table 1, it can be explained that the external locus of control variable has a regression coefficient of 0.276 and a significance value of 0.023 which is smaller than $\alpha = 0.05$. This shows that hypothesis H0 is rejected and H1 is accepted which shows the external locus of control has a positive effect on the auditor dysfunctional behavior. These results indicate that the higher the external locus of control the auditor has, the higher the auditor dysfunctional behavior, and vice versa the lower the external locus of control the auditor has, the lower the auditor's dysfunctional behavior. Individuals with external locus of control place more emphasis on the results obtained influenced by luck or fate, in contrast to individuals who have internal locus of control who assume the results obtained are the result of their own efforts so that auditors with external locus of control tend to lack confidence in their own abilities so it is more accepting of the auditor dysfunctional behavior. The results of this study have supported previous studies, namely research from [Devi & Ramantha \(2017\)](#); [Pranyanita & Sujana \(2019\)](#); [Utami & Rejeki \(2016\)](#); and [Hartanto \(2016\)](#), who obtained the results that external locus of control had a positive effect on behavior dysfunctional auditor.

Based on Table 1 it can be seen that the Machiavellian trait variable has a regression coefficient of 0.626 and a significance value of 0.000 which is smaller than $\alpha = 0.05$ so that H0 is rejected and H2 is accepted. This shows that the character of Machiavellian has a positive effect on auditor dysfunctional behavior. This shows that the higher the Machiavellian trait results in an increase in auditor dysfunctional behavior, and vice versa the lower the Machiavellian trait, the lower the auditor's dysfunctional behavior. The results of this study support research from [Devi & Ramantha \(2017\)](#), [Saputri & Wirama \(2015\)](#) and [Setyaniduta & Hermawan \(2016\)](#), where the study found findings that there was a positive influence between Machiavellian traits on auditor dysfunctional behavior. Machiavellian character is a personality where individuals will do everything they can to achieve their goals without thinking about their impact on others. Individuals with Machiavellian character will be selfish and tend to be manipulative and aggressive in the interests of personal interests so that the tendency to accept the dilemmatic actions that lead to dysfunctional behavior.

Based on Table 1, the indirect effect of external locus of control can be calculated on the auditor dysfunctional behavior through the Machiavellian character with the value obtained of 0.425 (0.679×0.626). The value of this indirect effect is greater than its direct effect ($0.425 > 0.276$) so H0 is rejected and H3 is accepted. This shows that the Machiavellian character mediates the influence of external locus of control on the auditor dysfunctional behavior. This research has provided support for attribution theory as defined as a view of how individuals perceive the events they experience are caused by a combination of internal strength factors or external forces. Auditors with an external locus of control will have low confidence in themselves because it depends on luck or luck. When faced with problems that are beyond his ability, an external locus of control will be more anxious, worried and unable to make good decisions and the auditor will feel that he has no control over the problems faced. This is what causes auditors to be Machiavellian as selfish regardless of their impact on colleagues and behave aggressively to get rewards. A person with an external locus of control tends to be Machiavellian in order to obtain his goals. With selfishness and aggressive auditors will behave dysfunctional such as stopping or changing audit procedures or by reporting audit time that is different from the actual time in order to obtain its objectives. This is what causes the auditor's dysfunctional behavior to increase.

4 Conclusion

Based on the results of the discussion of this study regarding the effect of locus of control on the auditor dysfunctional behavior mediated by the Machiavellian character, the conclusions can be drawn as follows:

- 1) External locus of control has a positive effect on auditor dysfunctional behavior.
- 2) The machiavellian character has a positive effect on auditor dysfunctional behavior.

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- 3) Machiavellian character mediates the influence of external locus of control on auditor dysfunctional behavior.

Conflict of interest statement

The authors declared that they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

Acknowledgments

The authors would like to thank the editor of IRJMIS for their valuable time, support and advice in completing the current study.

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