



---

## Auditor Sensitivity Factors in Public Accountant Offices in Surabaya

Lucinda Amanda Rista<sup>a</sup>, Erry Andhaniwati<sup>a\*</sup>

<sup>a</sup> Accounting Department, Faculty of Economics and Business, Universitas Pembangunan Nasional “Veteran” Jawa Timur, Indonesia.

---

### ARTICLE INFORMATION

### ABSTRACT

*Article history:*

Received date: 8 July 2019

Revised date: 20 September 2019

Accepted date: 29 September 2019

*Keywords:* auditor sensitivity; public accountant; Surabaya.

This study aims to determine the effect of experience, ethical orientation, and commitment to the ethical sensitivity of auditors at public accounting firms in Surabaya. In implementing the code of ethics, an auditor is required to be sensitive in seeing problems that occur. Ethical sensitivity must be possessed by the auditor before making ethical decisions. This will determine the quality of the decisions taken by the auditor. Data was collected by distributing questionnaires to 43 public accounting firms in Surabaya, and only 21 public accounting firms were willing to accept the questionnaire. Based on the results of the t test, showed that a significant level of experience  $0.023 < 0.05$ , ethical orientation idealism  $0.012 < 0.05$ , ethical orientation relativism  $0.000 < 0.05$ , professional commitment  $0.041 < 0.05$ , organizational commitment  $0.042 < 0.05$ . The results of this study are the experience and ethical orientation of relativism has a negative effect on the ethical sensitivity of auditors at public accounting firms in Surabaya. The ethical orientation of idealism, professional commitment, and organizational commitment has a positive effect on sensitivity at the Public Accounting Firm in Surabaya.

2019 FEB UPNVJT. All rights reserved

---

\* Corresponding author

E-mail address: [errya.ak@upnjatim.ac.id](mailto:errya.ak@upnjatim.ac.id)

## INTRODUCTION

The auditor's code of ethics regulates all matters concerning ethics that must be done or not done by the auditor. In implementing the code of ethics, an auditor is required to be sensitive in seeing problems that occur. This sensitivity to an ethical problem is commonly called ethical sensitivity. In a broader sense, ethical sensitivity (Ethical Sensitivity) can be interpreted as the ability to recognize the ethical nature of a decision. Ethical sensitivity must be possessed by the auditor before making ethical decisions. This will determine the quality of the decisions taken by the auditor.

Ethical sensitivity is the ability of a person to take a decision by considering the ethical nature of the decision (Lubis, 2014). Ethical sensitivity is measured by assessing the auditor's failure to do the work in accordance with the requested time, the use of office hours for personal gain, the auditor's subordination in relation to accounting principles. A professional's ability to act ethically is strongly influenced by ethical sensitivity. What is meant by ethical actions are actions that are based on truth values. Right in terms of ways, techniques, procedures, as well as in terms of objectives achieved. In order to be able to practice sensitivity in terms of ethical considerations, the auditor must be able to recognize there are ethical issues in his work,

Experience is one thing that affects the ethical sensitivity of auditors, because experienced auditors are considered more conservative in dealing with ethical dilemmas. Audit experience is related to the auditor's position, years of work, expertise owned in the audit, and training that has been attended by the auditor on the audit.

The cultural environment is assumed as a form of auditor ethical orientation. Higgins and Kelleher in (Lubis, 2014) revealed another alternative in resolving ethical dilemmas namely ethical orientation. Ethical orientation is controlled by two characteristics, namely idealism and relativism. Idealism refers to something that can be trusted by individuals with the consequences that are owned and desired not to violate moral values. Relativism is an attitude of rejection of absolute moral values in directing ethical behavior. The two concepts are not not the opposite but are important to use in measuring the level of ethical sensitivity.

The industrial environment and organizational environment are assumed as a form

of commitment. Professional commitment is loyalty to the profession owned by individuals. Professional commitment refers to the strength of an individual's identification with his profession. Individuals with high professional commitment have high trust and acceptance in the goals of the profession, want to do everything possible on behalf of the profession and have a strong desire to maintain their existence in the profession. In particular, high professional commitment should encourage professionals to behave in accordance with the interests of the public and stay away from behaviors that endanger the profession.

Lack of auditor independence and the rampant manipulation of accounting makes the trust of users of audited financial statements begin to decline, so that users of financial statements such as investors and creditors question the existence of a public accountant as an independent party. The moral crisis in the business world that emerged was the case of Enron Corporation. Enron raised the company's revenue by \$ 600 million and hiding the company's debt using off balance sheet techniques worth \$ 1.2 billion. Arthur Andersen's Public Accounting Firm (KAP) has been proven to assist in the engineering of Enron's financial statements while enron committed the fraud. This made one of Enron's executives, Sherron Watskin, unable to bear the sight of fraud, so Watskin decided to report the fraud (Kreshastuti, 2014).

Several studies on ethical sensitivity have been conducted. Putri & Wahyu (2012) state that relativism and professional commitment have a significant effect on the ethical sensitivity of auditors while idealism and organizational commitment have no significant effect on auditor sensitivity. Januarti (2011) states that ethical orientation has a significant effect on perceptions and ethical considerations, while experience, professional commitment, and organizational ethical values do not significantly influence ethical perceptions and considerations. Mahendra (2014) shows that ethical orientation and professional commitment affect ethical sensitivity.

The differences in the results of the study, this study examines the effect of the variable experience, ethical orientation, and commitment to ethical sensitivity in different dimensions of time and place. This research chooses the place of research at the Public Accounting Firm in Surabaya because there are quite a lot of Public Accounting

Firms in 43 KAP, this indicates that the number of auditors working at KAP in Surabaya does not necessarily have the same ethical understanding so it needs to be investigated for ethical sensitivity.

## LITERATURE REVIEW

### Ethical Theory

Ethics comes from the Greek vocabulary, Ethos, which means customs or habits, inner feelings, tendencies of the heart to do deeds. These good custom habits then become a value system that serves as a guide and benchmark for good and bad behavior (Lubis, 2014).

### Experience Theory

Experience is a process of learning and developing behavioral potential that is obtained both from formal and non-formal education or can be interpreted as a process that brings someone to a higher pattern of behavior (Budi, 2009). Experience can be gained through training, supervision, and performance reviews provided by senior auditors. The auditor's experience develops in line with audit experience, audit discussion, training, and use of standards.

### Ethical Orientation Theory

Ethical orientation influences the actions to be taken in achieving goals. Ethical orientation is one step in overcoming ethical problems, especially for decision makers. Alternative behavioral patterns to resolve ethical dilemmas and the consequences expected by different functions will determine ethical orientation.

### Commitment

Commitment is defined as behavior that is consistent with its activities. Commitment as a belief in the values of the organization or profession to exert effort on behalf of the organization or profession so that it raises the desire to maintain membership in the organization or profession. Commitment is divided into two namely professional commitment and organizational commitment. Organizational commitment is a dedication to the organization to remain a part of the organization. Professional commitment is a positive attitude towards a profession to maintain the good name of the profession.

### Ethical Sensitivity

Research in accounting is focused on ethics in terms of decision making abilities and ethical behavior. The ability to recognize the ethical nature of a decision is ethical sensitivity (Hunt and Vitell, in Lubis, 2014). If the auditor does not recognize the ethical nature of the decision, the moral scheme will not lead to the ethical problem. So the ability to know the ethical nature of a decision is ethical sensitivity.

### Hypothesis

Based on the theoretical basis and background above, the hypotheses to be tested in this study are:

- H1: Experience influences the auditor's ethical sensitivity
- H2: Idealism influences the ethical sensitivity of auditors
- H3: Relativism influences the auditor's ethical sensitivity
- H4: Professional commitment influences the auditor's ethical sensitivity
- H5: Organizational commitment influences the ethical sensitivity of auditors

## METHOD

The population in this study is the auditor who works at the Public Accounting Firm (KAP) in Surabaya, with a total of 43 offices to determine the ethical sensitivity of the auditors owned by auditors working in Surabaya. Samples were taken using the following criteria: (1) Having audit experience of at least 1 year and (2) Having examined the task at least 5 times in their assignments. The number of samples in this study were 86 auditors consisting of 2 auditors in each KAP in Surabaya. Data analysis conducted in this study is a quantitative analysis expressed by numbers and calculations using multiple linear regression methods using the SPSS (Statistical Package for Social Science) program.

### Ethical Sensitivity (Y)

Ethical sensitivity is the ability to realize the existence of ethical values in a decision. The indicators measured in the ethical sensitivity variable are as follows (Dewi, 2015): (1) The auditor's failure to do the work in accordance with the requested time, (2) The use of office hours for personal gain and (3) The auditor's coordination in relation to the principles accounting principles. This variable is measured using a Likert Scale (1-5).

**Experience (X1)**

Experience can also be interpreted as an episodic memory, a memory that receives and stores events that occur or are experienced by individuals at a particular time and place, which serves as an autobiographical reference. The indicators measured in the ethical sensitivity variable are as follows (Dewi, 2015): (1) Number of assignments, (2) Position of auditor, (3) Length of work, (4) Increased expertise and (5) Audit training that the auditor has participated in. This variable is measured using a Likert Scale (1-5).

**Idealism (X2)**

Idealism is an impartial attitude and avoid various interests. Indicators measured in idealism variables are as follows (Dewi, 2015): (1) Maintaining the welfare of others, (2) Considering positive and negative consequences, (3) Actions that do not harm others, (4) Evaluation of an action and (5) Auditors must not hurt others physically or psychologically. This variable is measured using a Likert Scale (1-5).

**Relativism (X3)**

Relativism is an attitude of rejection of absolute moral values in directing ethical behavior. Indicators measured in the relativism variable are as follows (Dewi, 2015): (1) Determination of ethical rules, (2) Situations that affect individual lies, (3) Consideration of ethical principles in the code of ethics, (4) Individual assessment of ethical actions, and (5) Subjectivity. This variable is measured using a Likert Scale (1-5).

**Professional Commitment (X4)**

Professional commitment is a positive attitude towards a profession to maintain the good name of the profession. Indicators measured in the variables of professional commitment are as follows (Dewi, 2015): (1) The desire to do business for the success of the auditor profession, (2) self-pride, (3) self-motivation, (4) Concern for professional development, and (5) Pride in the profession. This variable is measured using a Likert Scale (1-5).

**Organizational Commitment (X5)**

Organizational commitment is a dedication to the organization to remain a part of the organization. Indicators measured in the

organizational commitment variable are as follows (Dewi, 2015): (1) The emotional connection of members to their organization, (2) Awareness of organizational members will suffer losses if they leave the organization, and (3) Attachment to continue to be in the organization. This variable is measured using a Likert Scale (1-5).

**RESULT AND DISCUSSION**

**Table 1.** Model Match Test (Test F)

Information	F	Sig
Regression	7,287	0,000

Based on table 1, model Match Test (Test F) shows that the significance value (Sig) = 0,000, smaller than 0.05. This explains that the resulting regression model is appropriate, so that the resulting regression equation can be used to test the effect of the dependent variable (experience, ethical orientation, and commitment) on the dependent variable (ethical sensitivity).

**Table 2.** Coefficient of Determination (R2)

Information	R Square	Adjuster R Square
	.503	.434

Based on the table 2, coefficient of Determination (R2), it can be concluded that the adjusted R2 value is 0.503. This means that the auditor's ethical sensitivity variable that can be explained by the auditor's experience variable, ethical orientation, ethical orientation, relativism ethical orientation, professional commitment, and organizational commitment is 50.3% and the remaining 49.7% is explained by other variables not used in research.

**Table 3.** Partial Test (t Test)

Variable	Coefficient	P-value
Auditor's Experience	-0,320	0.023
Ethical Orientation for Idealism	.400	0.012
Orientation Ethics of Relativism	-0,523	0,000
Professional Commitment	0.218	0.041
Organizational Commitment	.191	0.042

Based on the table 3, Partial Test (t test), it can be concluded that the independent variables are auditor experience, ethical orientation, ethical orientation, relativism, and organizational commitment have p-value <0.05, which means that all independent variables are individually affect the auditor's ethical sensitivity variable.

## CONCLUSION

Based on the analysis results and test data on the results of the study it can be concluded that:

1. The experience of auditors working at public accounting firms in Surabaya has an effect on the ethical sensitivity of auditors.
2. The ethical idealism orientation of the auditor who works at the Public Accounting Firm in Surabaya influences the auditor's ethical sensitivity.
3. The ethical orientation of relativism possessed by auditors who work at public accounting firms in Surabaya influences the auditor's ethical sensitivity.
4. The professional commitment of auditors working at public accounting firms in Surabaya affects the ethical sensitivity of auditors.
5. Organizational commitment owned by auditors who work at the Public Accounting Firm in Surabaya affects the ethical sensitivity of auditors.

## REFERENCES

- Budi, S. (2009). *Effect of Audit Experience on Auditor's Consideration with Client Credibility as a Moderating Variable. (Empirical Survey of Auditors Working at Public Accountant Offices and Audit Services Cooperatives in Central Java and Yogyakarta Special Region)*. Thesis. Master of Science in Accounting Study Program. Diponegoro University.
- Dewi, P.P. (2015). *The Influence of Experience, Ethical Orientation, Commitment and Ethical Culture of Organizations on the Ethical Sensitivity of Auditors of the Financial Supervisory Agency and the Development of Representatives of the Province of Bali*. Thesis. Udayana University Denpasar.
- Januarti, I. (2011). Analysis of the effect of auditor experience, professional commitment, ethical orientation, and ethical values on ethical perceptions and considerations (auditor of the Indonesian financial audit board). *Aceh XIV National Symposium*.
- Kreshastuti, D.K. (2014). Analysis of Factors Affecting Auditors' Intention to Perform Whistleblowing Actions (Study at Semarang Public Accounting Firm). *Diponegoro Journal of Accounting*, 3(2), 1-15.
- Lubis, A.I. (2014). *Behavioral Accounting*. Issue 2. Jakarta: Salemba Empat.
- Mahendra, P. (2014). *Pengaruh Orientasi Etika Dan Komitmen Profesional Terhadap Sensitivitas Etika Auditor (Studi Empiris Pada Auditor di Kantor Akuntan Publik Kota Surakarta)* (Doctoral dissertation, Universitas Muhammadiyah Surakarta).
- Putri & Wahyuningsih, E. (2012). The Influence of Idealism, Relativism, Professional Commitment and Organizational Commitment to Auditor Ethical Sensitivity in BPKP Representatives of Riau Province. *Journal of Management Economics and Accounting*. 18(1).
- Widiastuti, E. (2015). *The Effect of Ethical Orientation, Equity Sensitivity, and Javanese Culture on the Ethical Behavior of Auditors in Public Accountants in Yogyakarta*. Thesis. Yogyakarta State University.