

The Influence of Locus of Control, Audit Structure, and Professional Skepticism on Auditor Performance

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Abstracts

This study explores the influence of locus of control, audit structure, and professional scepticism on auditor performance. Locus of control, which reflects an individual's belief in their ability to control outcomes, is believed to impact the motivation and responsibility of auditors in carrying out their duties. A clear and well-organized audit structure is expected to enhance the coordination and effectiveness of the audit process, while professional scepticism plays a crucial role in encouraging auditors to question received information and assumptions, thereby improving audit quality. This research employs a quantitative approach with data collection through questionnaires distributed to auditors in the Regional Work Units (SKPD) of Makassar City. A total of 60 data points were collected and analysed using multiple linear regression analysis. The results indicate that locus of control, audit structure, and professional scepticism have a significant positive influence on audit performance. These findings highlight the importance of developing a strong locus of control, establishing a well-structured audit process, and implementing professional scepticism to enhance auditor performance. Recommendations for better auditing practices include training focused on developing these three aspects to improve the effectiveness and accountability of the audit process.

1. Introduction

Internal auditors play a crucial role in maintaining the integrity and transparency of financial management within government organizations. Public trust hinges on the openness of financial information held by government institutions, which aims to reassure investors and the general public in allocating funds for government projects or fulfilling their obligations as law-abiding taxpayers. This significant role requires auditors to possess the necessary expertise and skills (Angreani & Damayanti, 2022) to perform their duties effectively. These duties include planning and conducting audits to ensure that financial statements are free from material misstatements (Furqan et al., 2020; Golmohammadi Shuraki et al., 2021; Gramling, 2010). As such, the public accountant profession is considered a key profession in the globalization era for achieving a fair business transparency era, thus requiring a high level of professionalism.

Attribution theory is used to examine auditors' capabilities in conducting audits, influenced by internal factors including locus of control and professional scepticism (Angreani & Damayanti, 2022; Halimatusyadiah et al., 2022; Yulianti et al., 2024). Locus of control motivates auditors to improve audit quality. According to Rotter (1966), internal locus of control is the belief that one

can achieve success through their own efforts. It reflects an individual's belief in their ability to determine their own fate. According to Tsui & Gul (1996), internal locus of control is the auditor's attitude when facing conflict situations influenced by their locus of control traits. The goal of locus of control is to understand the auditor's perspective in ensuring that they have made the right judgment, enabling them to detect fraud during examinations. The concept of internal locus of control refers to an individual's belief in their ability to influence events and outcomes through their actions. In the context of auditing, this psychological trait can significantly impact auditors' performance, particularly in fraud detection.

An auditor's inability to identify misstatements is influenced by the actions they take during the audit process (DeAngelo, 1981). Throughout the audit process, work behavior greatly affects audit quality issues (Herrbach, 2001). This dysfunctional activity is known as low audit quality behavior, as it directly undermines audit quality (Al-Qatamin, 2020; Chouaibi & Hichri, 2021). According to Francis (2023) and Khalil (2022), low audit quality behavior is defined as actions taken by auditors during contract agreements that reduce the effectiveness of the gathered evidence. This behavior includes prematurely concluding audit procedures, accepting weak client explanations, conducting superficial reviews of client documents, and substituting audit procedures.

Auditors exhibiting low audit quality behavior may be less likely to demonstrate professional scepticism, potentially leading to failures in identifying misstatements or other audit quality issues (Adikaram & Higgs, 2024; Agustina et al., 2021). Conversely, auditors who display professional skepticism are more likely to question and challenge client explanations, conduct thorough and rigorous audits, which can contribute to enhanced audit quality (Hamshari et al., 2021).

Internal auditors with high professional scepticism are generally more motivated to seek further information about signs of fraud (Balboula & Elfar, 2023). A competent support system is essential for auditors to carry out their duties, especially in detecting fraud. Professional scepticism is an attitude that encompasses a questioning mind and a critical evaluation of audit evidence. It involves healthy scepticism and careful assessment of information obtained during the audit process, along with an awareness of potential errors or fraud.

Previous studies have revealed that performance in the accounting profession influences locus of control, with results showing a positive relationship (Rahim et al., 2018). Thus, this study aims to examine the influence of Locus of Control, Audit Structure, and Professionalism on the performance of auditors in Makassar City.

2. Research Methodology

The research method used in this study is a quantitative approach utilizing SPSS software. This quantitative method is designed to investigate a specific population or sample, particularly focusing on audit performance in the Regional Work Units (SKPD) of Makassar City. The sampling technique is generally conducted randomly. The sample size used in this study consists

of 60 respondents. The data analysis technique employed is multiple linear regression analysis, along with hypothesis testing through the t-test

3. Results and Discussion

This study was conducted by distributing questionnaires, resulting in 60 respondents. The respondents comprised 64% female and 36% male. The majority of respondents were aged between 31-40 years, representing 38% of the sample, and most had a final education level of a Bachelor's degree (S1). To assess the quality of the data collected from the questionnaires, validity and reliability tests were conducted as follows

Table 1. Validity Test Results

No	Variable		Correlation Coefficient	Description
1	Audit Performance	Y ₁	0.634	Valid
		Y ₂	0.544	Valid
		Y ₃	0.524	Valid
		Y ₄	0.524	Valid
		Y ₅	0.345	Valid
2	Locus of Control	X _{1,1}	0.652	Valid
		X _{1,2}	0.434	Valid
		X _{1,3}	0.552	Valid
		X _{1,4}	0.556	Valid
3	Audit Structure	X _{2,1}	0.514	Valid
		X _{2,2}	0.552	Valid
		X _{2,3}	0.462	Valid
		X _{2,4}	0.511	Valid
4	Professionalism	X _{3,1}	0.456	Valid
		X _{3,2}	0.586	Valid
		X _{3,3}	0.546	Valid
		X _{3,4}	0.345	Valid

Source: Processed Data SPSS 25, 2024

Using the Pearson Correlation analysis tool, the results from the table above indicate that all proposed statement items are valid. This is evidenced by the calculated r-values for all statement items being greater than the r-table value (0.2500) at a 5% significance level with 60 respondents.

Table 2. Reliability Test Results

	Cronbach's Alpha	Number of Items	Description
Audit Performance	0.756	17	Reliabel
Locus of Control	0.835	17	Reliabel
Audit Structure	0.770	17	Reliabel
Professionalism	0.772	17	Reliabel

Source: Processed Data SPSS 25, 2024

To assess the consistency of the measurement tools used, a reliability test is required. Based on the results in the table above, all variables are deemed reliable. This is indicated by the Cronbach's Alpha values for each variable, all of which are greater than 0.60.

Table 3. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	4.523	1.893		3.698	.012
Locus Of Control	1.563	0.765	0.774	3.487	.005
Audit Structure	0.632	0.853	0.923	2.765	.010
Professionalism	1.734	0.994	0.693	2.836	.000
R Square	.754				

Source: Processed Data SPSS 25, 2024

Based on the results in Table 3, the interpretation is expressed in the regression equation as follows:

$$Y = 4,523 + 1,563X_1 + 0,632X_2 + 1,743X_3$$

The test results show an R value of 0.754, indicating that the relationship between audit performance and its independent variables is 75.4%. This means that 75.4% of audit performance can be explained by locus of control, audit structure, and professionalism, while 24.6% is explained by other factors outside this study.

The hypothesis testing results indicate that locus of control has a positive and significant effect on audit performance, with a p-value of 0.005 at a 5% significance level and a t-value of 3.487 > t-table of 2.0032. This result suggests that auditors' perceptions of their decision-making influence audit performance outcomes, aligning with the studies by Nurna et al. (2024) and Sri Hastuti (2021). Auditors with a strong locus of control tend to perform better because they attribute their work outcomes internally, which enhances motivation, responsibility, and learning. When facing challenges or failures, auditors with a strong locus of control are more likely to analysed the situation and seek ways to improve themselves. They may attribute failures

to a lack of effort or skills that can be enhanced, in line with attribution principles. This explains why locus of control has a positive and significant effect on audit performance.

The hypothesis testing results indicate that audit structure has a positive and significant effect on audit performance, with a p-value of 0.010 at a 5% significance level and a t-value of 2.765 > t-table of 2.0032. This finding suggests that a well-planned and appropriate audit structure influences audit performance, consistent with the research by Elya (2019). A good audit structure can influence how auditors perceive the outcomes of their work. A clear structure, along with support in communication and evaluation, can encourage auditors to attribute their performance internally, contributing to improved audit results.

The hypothesis testing results indicate that professionalism has a positive and significant effect on audit performance, with a p-value of 0.000 at a 5% significance level and a t-value of 2.836 > t-table of 2.0032. This finding suggests that a higher level of professionalism among auditors leads to better audit performance, in line with the studies by Nasrullah (2024) and Reski et al. (2023). Professional auditors tend to make more accurate attributions regarding audit outcomes because they use a data-driven approach in their decision-making. They consider various factors influencing results, both internal and external, allowing them to identify areas for improvement.

4. Conclusion and Recommendations

This study aims to examine the influence of locus of control, audit structure, and professionalism on audit performance. Based on the hypothesis testing results, the following conclusions can be drawn:

1. Locus of Control has a significant positive influence on audit performance. Auditors with an internal locus of control tend to be more motivated and accountable for their work. They believe that their effort and skills contribute to their work outcomes, driving them to work harder.
2. Professionalism has a significant positive influence on audit performance. Professional skepticism helps auditors detect fraud. This study supports attribution theory, which assumes that a person's attitudes or actions are strongly influenced by internal forces that emerge from within. In this study, professional skepticism is an attitude or behavior that is part of the internal strength of an auditor's ability, which can affect their capacity to detect fraud. The results indicate that auditors in the Regional Work Units (SKPD) of Makassar City have optimized their professional skepticism while performing audit tasks. In other words, the higher the auditors' professional skepticism, the better their ability to detect fraud.
3. Audit Structure has a significant positive influence on audit performance. Audit structure refers to how the organization and audit processes are arranged, including task allocation, communication, and the procedures followed. A clear structure helps auditors understand their roles and responsibilities. With this clarity, auditors can focus on their tasks, reduce confusion, and increase efficiency.

The recommendations for the object of this study, namely the SKPD of Makassar City, include implementing stricter audit procedures to ensure that all financial and operational aspects are

properly monitored. Additionally, the government could provide training focused on developing interpersonal and managerial skills. This could help auditors feel more confident in their ability to influence work outcomes.

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