

The Effect of Compliance Pressure, Time Budget Pressure, and Task Complexity on Audit Judgment in Public Accounting Offices, Denpasar Bali

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ABSTRACT

This study aims to determine the effect of compliance pressure, time budget pressure, and task complexity on audit judgment. The population in this study all auditors who work at the Public Accounting Firm (KAP) in the Bali area contained in the 2022 Directory and the sample used is 74 respondents. Based on the results of the study, it can be seen that: (1) Obedience pressure has no significant negative effect on audit judgment, where the regression coefficient is -0.006 and sig 0.962, (2) Time budget pressure has a significant negative effect on audit judgment where the regression coefficient is -0.180 and sig 0.023, and (3) task complexity has a significant positive effect on audit judgment where the regression coefficient is -0.108 and sig 0.047. Suggestions that can be given by researchers are further researchers, so that they can examine and examine more deeply other factors not examined in this study that can affect audit judgment.

Keywords: Audit judgment, Compliance pressure, Task complexity, Time budget pressure.

JEL Classification: M42, C91

INTRODUCTION

The financial reports issued by the management are expected to provide an overview of the management's performance in managing the organization's resources. In the audit process, an auditor will provide an opinion with judgment on the financial statements (Hariyani, 2020). In an organization, of course, it does not rule out the emergence of pressure, one of which is obedience pressure (Hutabarat, 2012). In this case, obedience pressure is defined as pressure received by junior auditors from senior auditors or superiors and the audited entity to take actions that deviate from professional standards. Time budget pressure is a situation that shows the auditor is forced to streamline time over the planned time budget or there is a time limit with a tight and rigid budget, which can lead to deviant behavior of the auditor, which can have serious implications for audit quality, ethics and the welfare of the auditor (Raditya et al., 2020). Another factor that affects audit judgment is the complexity of the task. The more complex the tasks faced by an auditors, the more difficult it will be for him to provide a fast and accurate assessment (Jati & Suprasto, 2018).

LITERATURE REVIEW

The Effect of Compliance Pressure on Audit Judgment

Obedience pressure is obtained through the auditor's desire to meet the client's needs. Where the client's need in question is the client's desire to behave deviate from professional standards. Auditors with high obedience pressure will oppose the client's wishes because the auditor upholds his professional attitude, and does not follow superiors who force him to do things that are contrary to professional auditing standards and the code of ethics of public accountants. Research by Abdillah et al., (2020), Irwanto et al., (2019), Sari & Ruhayat (2017) found that compliance pressure has a positive(+)effect on audit judgment. Then the proposed hypothesis is:

H₁: Compliance pressure has a positive effect on audit judgment

The Effect of Time Budget Pressure on Audit Judgment

Audit time budget pressure occurs when the audit work unit allocates a small amount of audit time used by the auditor to complete certain audit procedures. Sometimes the time budgeted for an auditor to complete his duties is very little, not proportional to the tasks that must be handled. Previous research conducted by Hasmandra & Nasaruddin (2019); Yustina & Gonadi (2019); Sadri & Ahmadi (2019) found that budget compliance has a negative effect on audit judgment. Thus, the proposed hypothesis is:

H₂: Time budget pressure has a negative effect on audit judgment

The Effect of Task Complexity on Audit Judgment

Task complexity is a form of complex task, consisting of many parts and interrelated with each other. Previous research conducted by (Raihanah et al., 2022), Eny & Mappanyukki, (2020), Aida et al., (2021) found that task complexity had a negative(-) effect on audits. Based on the discussion, the hypotheses of this research are:

H₃: Task complexity has a negative effect on audit judgment.

RESEARCH METHOD

The population used is all auditors who work at Public Accounting Firms (KAP) listed in the Indonesian Public Accountants Association (IAPI) in the Bali area at the 2021 Directory. The number of auditors registered is 93 auditors from 13 KAP. Samples were taken by non-probability sampling method and purposive sampling technique (Ghozali, 2016). Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2018).

RESULTS

Table 1. Classic Assumption Test

Variable	Normalitas	Multikolinearitas		Heteroskedastisitas
		Tolerance	VIF	
Compliance pressure	0.892	0.998	1.002	0.650
Time budget pressure		0.997	1.003	0.063
Task Complexity		0.995	1.005	0.793

Source: processed data, 2022

Table 1. shows the results of classical assumption testing, in this study classical testing was carried out in four ways. Where the test results show the data is normally distributed because the test results are $0.892 > 0.05$. The multicollinearity test showed that there was no multicollinearity as indicated by the tolerance value for each beas variable greater than 0.10 and the VIF value less than 10. The test results also showed a significance value of RES2 above 0.05, meaning that it was free from heteroscedasticity.

Table 2. Multiple Regression Analysis

Variable	Coefficient Regressiion	Significance
Compliance pressure (X_1)	-0.006	0.962
Time budget pressure (X_2)	-0.180	0.023
Task complexity (X_3)	-0.108	0.047
Constant: 27.610	$Y = 27.610 - 0.006X_1 - 0.180X_2 - 0.108X_3 + \varepsilon$	
Adjusted R Square: 0.415		

source: processed data,2022

Based on Table 2. above, the coefficient of determination shown by the Adjusted R Square value is $0.415 \times 100 = 41.5\%$. this means that 41.5% of the variation in the audit judgment variable can be explained by the variation of the three independent variables, compliance pressure, time budget pressure, and task complexity. While the rest ($100\% - 41.5\% = 58.5\%$) is explained by other variables outside in this study.

DISCUSSION

The results of the H_1 analysis show the regression coefficient value -0.006 with a significance of $0.962 < 0.05$, which means that H_1 is rejected. The higher the compliance pressure received by the auditor; the more imprecise audit judgment will be taken. Pressure from other parties will make the auditor wrong in making judgments, resulting in inappropriate audit judgments. However, in this study, obedience pressure did not affect audit judgment.

Based on the test results in Table 2, the regression coefficient value of the Time budget pressure variable is -0.180 with a significance of 0.023. The results mean that time budget pressure has a negative (-) effect on audit judgment. With the high planned time budget pressure, it will affect the quality of the auditor's audit judgment, making the results of the audit judgment decrease. Time budget pressure is a condition that shows the auditor is forced to do is a condition that shows the efficiency of the budget that has been mapped and planned, and works according to the budget. the budget made is rigid in nature so that it can indirectly create deviant behavior by the auditor which can have a serious impact on audit quality, ethics, and auditor welfare (Liyanarachchi and McNamara 2007).

Based on the test results, the regression coefficient value of the Task Complexity variable is -0.108 and a significance value of 0.047 is obtained. This shows that task complexity has a negative (-) effect on audit judgment. This means that the more complex the tasks faced by an auditor, the more difficult it will be for him to provide a fast and accurate assessment so that the audit judgment produced at the Denpasar Public Accounting Firm will decrease. Based on the test results in Table 2 on the complexity of the task of an auditor, this can affect the judgment that will be issued. Information received from the client will be processed by the auditor through three stages, namely input - process - output. The complexity of the task increases the most during the initial and second stages, namely the input stage and the process stage where this goes hand in hand with increasing factors that must be met by the auditor to complete the audit report. There is a difference between the meaning of the number of cues available (number of cues available) and the number of cues processed (number of cues processed). The number of cues that exist, a decision maker must try to make an assessment of these cues (including selection efforts and other considerations.) and then integrate it into a judgment. With increasingly complex tasks, it will encourage an auditor to carry out his duties not as easily as imagined. There are three reasons why auditors should perform audit task complexity testing. First, the complexity of the audit task greatly affects the overall audit performance. Second, decision-making on exercises that are conditioned as closely as possible to complex audit work situations will help the auditor understand the characteristics of each accepted audit task. Third, auditors who understand the complexity of the task will have a picture of a complex audit work situation so that they can help the audit team taking on the task and help find solutions to solve problems that may be found in the field (Bonner, 1994).

CONCLUSION

Based on the data obtained from the analysis, the following conclusions can be showed: (1) Compliance pressure has no effect on audit judgment. (2) Time budget pressure has a negative and significant effect on audit judgment. This means that the higher the time budget pressure, the audit judgment produced at the Denpasar Public Accounting Firm will decrease. (3) Task complexity has a negative (-) and significant effect on audit judgment. This means that the higher the perceived complexity of the task, the audit judgment produced at the Denpasar Public Accounting Firm will decrease.

LIMITATION

First, the limitation in this study is in using questionnaires because not all KAP offices can fill out questionnaires with all members of the auditor due to busyness and other things. There are also obstacles in the length of waiting for the questionnaire to be filled which can hinder the research. Second, the adjusted R square result is below 50%,

meaning that there are other factors outside the research model that affect audit judgment.

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