

**PROFESSIONAL COMMITMENT OF ACCOUNTANT AND THE
COMMITMENT OF PUBLIC ACCOUNTING FIRMS ON
AUDITOR'S JOB SATISFACTION**

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Abstract

The Public Accounting Firms (PAFs) have not optimally met their user's expectation in providing high quality auditing services. Many financial scandals that involve public accounting practitioners are still occurring. They make users of auditing service confuse about integrity of Certified Public Accountants. This study aims to obtain empirical evidences in evaluating of the extent to which the professional commitment of accountant and organizational PAFs commitment affect on auditor's job satisfaction. This study uses an explanatory survey method, although its details also contain some descriptions, however because it is a relational research, its focus lay on relational explanations among verificative variables. Some operationalized variables are included in this study, consisting of professional commitment, organizational commitment, and job satisfaction that pay more fundamental emphasis on their indicators. Data were collected through questionnaire distribution to targeted respondents, as well as limited interviews or documentary studies as additional efforts to obtain explanatory elements from survey findings. Analytical units in this study involved the Public Accounting Firms (PAFs) in Indonesia with total population as 417 PAFs. Samplings by a simple proportional randomized method in 79 PAFs with 347 accountants as responding target were sent questionnaires. Data analytical and testing methods were carried out by the Structural Equation Modeling (SEM) analysis. The research findings showed that professional commitment of accountants and commitment of the PAFs organization affects auditor's job satisfaction, both simultaneously or partially.

Keywords: Professional commitment, Organizational commitment, And auditor's job satisfaction

Abstrak

Kantor Akuntan Publik (KAP) dalam memberikan layanan jasa audit yang berkualitas tinggi, belum optimal memenuhi harapan pengguna jasa. Berbagai skandal keuangan masih maka terjadi yang melibatkan praktisi akuntan publik. Hal tersebut berakibat, para pengguna jasa audit meragukan integritas Akuntan Publik. Penelitian ini bertujuan untuk memperoleh bukti empiric guna mengevaluasi besarnya pengaruh komitmen profesi akuntan dan komitmen organisasi KAP terhadap kepuasan kerja auditor. Penelitian ini menggunakan metode survei penjelasan, walaupun uraiannya juga mengandung deskripsi, tetapi sebagai penelitian relasional fokusnya terletak pada penjelasan hubungan antar variabel yang bersifat verifikatif. Variabel yang dioperasionalkan dalam penelitian ini, yaitu: komitmen profesi, komitmen organisasi, dan kepuasan kerja yang lebih mendasar kepada indikator-indikatornya. Data dihimpun melalui penyebaran kuesioner ke target responden, serta wawancara terbatas maupun studi dokumentasi sebagai upaya menambah unsur penjelasan dari hasil survei. Unit analisisnya adalah Kantor Akuntan Publik (KAP) di Indonesia dengan populasi 417 KAP. Penarikan sampel dengan metode proporsional acak sederhana terhadap 79 KAP dengan target respon yang dikirim kuesioner 347 orang akuntan. Teknik analisis dan pengujian data dilakukan dengan Analisis Structural Equation Modeling (SEM). Hasil penelitian menunjukkan bahwa komitmen profesi akuntan dan komitmen organisasi KAP berpengaruh terhadap kepuasan kerja auditor baik secara simultan maupun parsial.

Kata kunci: Komitmen profesi, Komitmen organisasi, Kepuasan kerja auditor

JEL Classification Code: M41

1. Research Background

The Public Accounting Firms (PAFs), in providing their services have been realizing that a more intensive competition among the PAFs, have also encouraged the Public Accounting services into “critical” category for taking a professional behavior. Consequently, there are some PAFs prefer client interests and a large profit, causing that the Public Accountant’s Professional Code of Ethic can’t well be held up anymore.

The public accountant profession has a substantial responsibility in fulfilling the trust provided by community, at least its: (1) liability to clients, legal obligation that generally appear as its failure consequence in performing an audit assignment in according to agreed timetable, unsufficient audit execution, failing to find out confidentiality mistakes and violation made by public accountant; (2) civil liability to third parties (stakeholders and potential investors, suppliers, creditors, employees and customers), it is generally come into surface because of third parties perceived themselves to be lost due to wrong decision making, because such decisions rely only on financial statement made from misleading audit report; (3) criminal liability to the third party, and it is usually occurred due to direct involvement of the public accountant with client in taking a criminal act (Arens *et al.*, 2010).

A professional commitment highly needed in all profession because a given professional service enjoyed by community at large, so it is important that peoples are not made lost from services provided by such profession (Boreman, 2000). The public accounting profession must have integrity, independence and freedom from all related interests, it can hold the truth up, technical and professionalism competence, and the commitment of profession must always be defended by treating morality aspect in the highest place (Gibbins and Webb, 2001). An accountant does not have expertise only, but he / she must also have ability to perform his/her professional duty through application of agreed professional standard, keep professional accountability, and must always obey to the existing professional code of ethic (Whan, *et al.*, 2004). The public accounting profession is required to recognize stakeholder’s interest, but its professional ethic must primarily always be kept, and it can’t be separated from organizational commitment where it works, namely, in the Public Accounting Firms (McPhail, 2001).

The currently accounting scandals are taking place in the world, where they result in a decrease in public trust on accountant profession and produced auditing quality. However, it has not been clear that whether professional commitment of public accountant or commitment of the PAFs organization can affect an auditor’s (public accountant) satisfaction or an Independent Audit implementation on the Financial Report, where it is supposed to have implication on performed audit quality. There are many definitions about audit quality, but there is no certain definition about such audit quality itself. It is caused by absence of common understanding concerning on audit quality composing factors and oftenly occurred conflict of role between various users of audit reporting (Suton, 1993).

This research based on model obtained from occurrence of field phenomenons which is based on partial theories among models, thus it is obtained a given model from those supportive theoris, such as research from Ahmad *et al.*, (2012) that investigate professional commitment by considering of ethical orientation, profession characteristic, and profession code of ethical dimensions.

Based on those stated research backgrounds, thus identification of this research problem is how extent is the professional commitment of accountant and organizational PAF’s commitment affect on auditor’s job satisfaction.

1.1 Inter-relations of Variables

A public accountant must, in conducting his / her professional practice, fully follow predetermined ethical guidances with its overall consequences. Unfortunately, community in general does not understand rules and regulations that must be complied with by public accountants, therefore it is existed gap between community expectation and rules and regulations in public accounting practice limitation. This gap can sometimes result in community misperception about the public accountant profession. For example, the user of public accountant services has not able to distinguish clearly the meaning of the “audit failure” and “business failure” terms. (Windsor, 2003, William, 2003 and Wyman, 2003).

In addition to the Professional Commitment and Organizational Commitment issues, other issue faced by public accountant in Indonesia or to be supposed to have contribution on public accounting business in Indonesia is the job satisfaction. Some previous researches (Messmer, 2002 and Camp, 2003) proposed that performance and job satisfaction has a connection, although it has not been consistent one, where auditors whom perceive an organizational-professional conflict tend to show a low performance and a high turnover intention (Harrel *et al.*, 1986). Other research (Gregson, 1992) in Behavioral Research in Accounting investigates relation between job satisfaction, organizational commitment, turnover, and performance. Its finding showed that there is a relation between organizational commitment and turnover. An auditor with high organizational commitment has a low turnover intention, and vice versa. An auditor with high organizational commitment and job satisfaction also tend to contribute a better performance. Other researchers who did similar investigation with same findings, among others, include Backman (2000) and Aizzat *et al.*, (2001).

Therefore, the heart of job satisfaction does not depend on the total pay received, but it depends on professional and organizational commitment where individual works. In other words, professional and organizational commitments are appreciated highly important in increasing a satisfaction level. However, it has not been clear whether the commitment of public accountant and the commitment of PAFs are important determinants in increasing auditor’s job satisfaction.

1.2 The Research Hypothesis

Based on conceptual framework and paradigm of this research, thus it can be proposed a hypothesis that commitment of accountant profession and the commitment of the PAFs organization have a positive influence on auditor’s job satisfaction, both partially or simultaneously.

2. Research Methods

This research uses the explanatory survey method. It aims to examine formerly formulated hypothesis. Although its detail also contains descriptions, as a quantitative research, it is focused on relational explanation among variables. Consequently, this research requires for more basic variable operationalization to its indicators. In accordance with proposed hypothesis, it also made use the Structural Equation Modeling (SEM) analysis, with reason that this model is an integrated approach between factor analysis, path analysis, and structural model, and it is a data analysis with the conceptual construction.

The research variables are operationalized by referring to all variables in formulated hypothesis, they are: (1) the Professional Commitment of Accountant variable, that is a voluntarily accountant (individual) willingness to be always obey with the Standard of Profession; (2) the Organizational Commitment of PAFs variable, it is an auditor’s willingness, accountant in this case, to be voluntarily always involved or loyal to the PAFs with his/her specific objective; (3) Auditor’s Job Satisfaction variable, it is a condition perceived by accountant as an auditor working for the PAFs, when he or she got a satisfaction on delivered services and received returns. A satisfaction perceived by an accountant will be reflected from the Extrinsic Job Satisfaction.

The research analytical unit consists of the PAFs, information sources are accountants working the PAFs in Indonesia. Total population of this research consists of 417 PAFs. Meanwhile, its sample is determined from analytical forms in accordance with proposed hypothesis. Based on calculation output with the proportional simple random sampling, it is obtained samples as much 79 PAFs. Data collecting technique applied in this research is an Indirect Communication Technique by using questionnaires as instruments, and its Direct Communication Technique was done by a limited interview. The model fitness testing was performed with some goodness of fit test (GFT) indexes, such as probability value (p-value), chi-square statistical test, the root means square error of approximation (RMSEA) value, the Goodness-of-fit index (GTI), the adjusted goodness-of-fit index (AGFI), the normed fit index (NFI), the Tucker-Lewis Index (TLI), or Non-formed fit index (NNFI), and the Comparative Fit Index (CFI). The model fitness testing and criteria is summarized, as it is seen in Table 1 as following:

Table 1. The Goodness of Fit Test Measure

GOF Measure	Criteria of The Model Fitness	Testing Criteria	Implication on H0	Decision
P-value	1,00 (perfect fit model)	$\geq 0,05$	Accepted	Model is fitted
RMSEA	0,00 (perfect fit model)	$\geq 0,08$	Accepted	Model is fitted
GFI, AGFI, NFI, TLI, and CFI	0,00 (non-fit model); 1,00 (perfect fit model)	$\geq 0,90$	Accepted	Model is fitted

Sources: Hair, *et al.*, (2006), and Wijanto (2008).

The hypothetical testing was done with *F*-Statistical test and Statistic t-Student's test, *t*. Meanwhile, the simultaneous testing was done by *F*-statistical test with criterion: (1) If $F_{count} > F_{table}$ values, thus H_0 is rejected, so H_1 is accepted; (2) If $F_{count} \leq F_{table}$ value, thus H_0 is not rejected, so H_1 is rejected. Meanwhile its partial testing is done by using t-student statistical test with criterion: (1) If $t_{count} > t_{table}$ value, thus H_0 is rejected, so H_1 is accepted, (2) If $t_{count} \leq t_{table}$ value, thus H_0 is not rejected, so H_1 is rejected.

3. Results and Discussion

The description for each variable based on respondent's reply, namely, 347 Accountants in 117 PAFs that are working as practicing Auditors in the PAFs in Indonesia; it could be summarized in Table 2 as follows:

Table 2. Recapitulation of Reached Output for Each Latent / Observed Variables

No.	Latent/Observed Variables	Reached Scores	Ideal Scores	(%)
1.	Commitment of Profession Standards	31.607	41.640	75.91
a.	Obedience on Profession Standard	6.531	8.675	75.29
b.	Profession Accountability	14.509	19.085	76.02
c.	Ethics of Profession	10.567	13.880	76.13
2.	Organizational PAF Commitment	22.013	29.495	74.63
a.	Affective Commitment	7.653	10.410	73.52
b.	Continuum Commitment	7.904	10.410	75.93
c.	Normative Commitment	6.456	8.675	74.42
3.	Public Accountant's Job Satisfaction	22.180	27.760	79.90
a.	Extrinsic Job Satisfaction	10.355	13.880	74.60
b.	Intrinsic Job Satisfaction	9.266	10.410	89.01
c.	General Job Satisfaction	2.559	3.470	73.75

Sources: The 2012 WMS Calculation Output.

The effect of the commitment of accountant profession and the organizational PAFs commitment on auditor's job satisfaction, would be clearly described on proposed hypothetical basis, and overall produced models in this research can be illustrated as following:

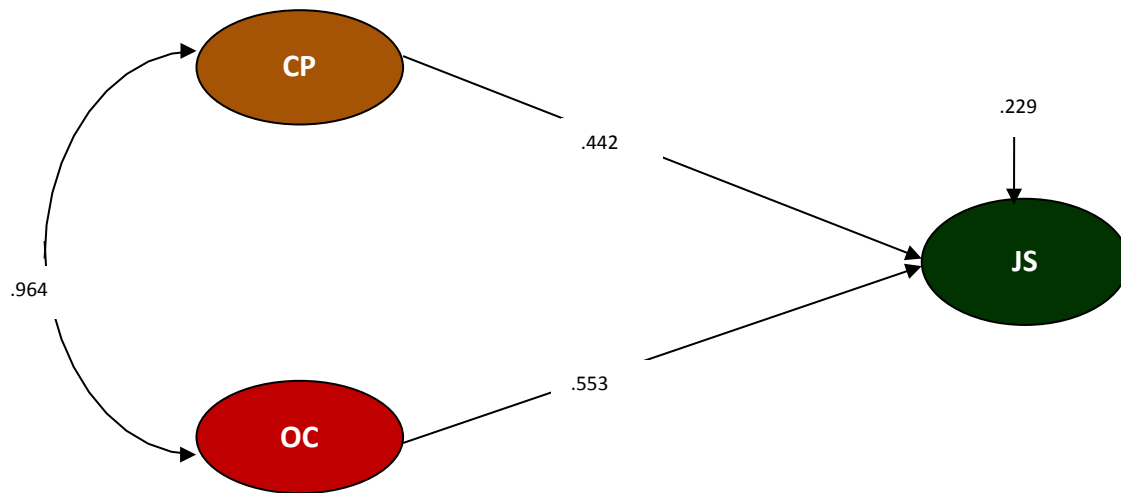


Figure 2. The Structural Models of Commitment of Profession, Organizational Commitment and Job Satisfaction

3.1 The Test of the Goodness of fit Statistics

The obtained results of model appropriateness (the simultaneously or overall model testing) was shown by goodness of fit statistics measure, and it can be summarized as illustrated in the following Table 3:

Table 3. The Evaluation of Goodness of Fit Indices Criteria

Criterion	Output	Critical Value	Model Evaluation
χ^2 (CMIN) Df= 3557	3998,169	Expected small	Marginal
Significance Probability	0,0000	$\geq 0,05$	Marginal
CMIN/DF	1,124	$\leq 2,00$	Good
RMSEA	0.0640	$\leq 0,08$	Good
Goodness of Fit Index (GFI)	0,89	$\geq 0,90$	Marginal
Normed Fit Index (NFI)	0,97	$\geq 0,90$	Good

Sources: Calculation Output

Results of model evaluation by considering the χ^2 value, it is obtained a large χ^2 value with the Significance Probability (0,000) less than .05. However, because of the CMIN to DF ratio is still less than 2, thus it can be stated that the formed structural model can be accepted (fitted with data). Others measure of the Goodness of Fit Statistics also showed that the model can still be used in which the RMSEA for structural model is .064 smaller than .8 critical value and the .97 Normed Fit Index (NFI) model value is 0,97 is larger than its critical value (.90). Meanwhile, the GFI model value is included in marginal criteria. Based on the measure of obtained model fitness, it can be drawn a conclusion that, the formed structural model is fitted with data, and it can be stated to fulfill the Goodness of Fit criteria.

3.2 The Hypothetical Test

Result of the first hypothetical test about the effect of commitment of accountant profession and the organizational PAFs commitment on auditor's Job Satisfaction, both partially and simultaneously shows the following results.

Table 4. The Effect of Commitment of Accountant Profession (η_1) and Organizational PAFs Commitment (η_2) on Auditor's Job Satisfaction (ξ_1)

R-Coefficient	P-Value (Sig.)	F _{Change} dant _{test}	R _{Square} (R ²)	Description
η_1 and η_2 simultaneously on ξ_1 =.986	.000	5802.998	.971	H_0 Rejected
η_1 partially on ξ_1 ($\gamma_1=.442$) *($r=.974$)	.000	8.754	.430	H_0 Rejected
η_2 partially on ξ_1 ($\gamma_2=.553$) *($r=.978$)	.000	4.985	.541	H_0 Rejected

Results of the 1st hypothetical test above are illustrated in the following equation: $KK = 0,442KP + 0,553KO + 0,029$. Note: KK=Job Satisfaction; KP=Commitment of Profession; KO=Organizational Commitment

3.3 Effects of Commitment of Accountant Profession and the Organizational PAFs

3.3.1 Commitment on Auditor's Job Satisfaction.

This research's findings showed that, there are effects of the commitment of accountant profession and the organizational PAFs commitment on Auditor's Job Satisfaction as 97.1%, both partially and simultaneously. It is supported by concept that accountant profession and auditor are urgently required to help community, especially for their business transactions. The obedience to profession standard, accountability, and ethics of profession in individual context has a relation with how the organizational commitment, where it would be applied by individual in an organization will be reflected in how related individual commitment to keep his/her organizational images, and do the best one in behalf of organization (McPhail, 2001). Furthermore, this hypothetical testing output also fits with the Schewepker's work (2001) showing that individual ethical awareness in organization will increase job satisfaction and reduces willingness to remove.

Therefore, an auditor has responsibility to accountant profession, his professional coworkers, organization in which he is working, auditee, himself, and public at large. An auditor with collegial ideals and values in fulfilling terms and conditions in running accountant's (auditing service) practice establishes his professional organization as a morale community. Starting from similar educational background, these professionals have a closed distinctive expertise for others with different expertises, and become a specific group with authoritative power in specific skillful knowledge field, as the monopoly holder in supply market. If accountant profession objective is the responsibility itself, thus such objective achievement, namely, responsibility to profession and specific organization will of course support efforts in achieving such job satisfaction.

Unfortunately, effects of the commitment of accountant profession and organizational commitment have not provided an optimum effect on auditor's job satisfaction level. It can be seen from residual factors, such as factors accompanying to give effect on auditor's job satisfaction beside professional and organizational commitments studied in this research, has not yet deeply investigated. Those residual factors, for example, guessed as opportunity to involve in activity that fit with auditor interest, auditor involvement in decision making, trust on other auditor competence, control of conflict, and total space in taking works and activity, and opportunity for growth continuity.

4. Conclusion

Based on research and discussion findings, it can be drawn some conclusions, namely: (1) the commitment of accountant profession and the organizational PAFs commitment provide a positive and significant influence on Auditor's job satisfaction, both partially or simultaneously. (2) The commitment of accountant profession was examined from accountant obedience to profession standard, profession accountability, and ethics of profession; meanwhile, the organizational PAFs commitment was examined from affective, continuum, and normative dimensions. (3) Although there is effect of the commitment of accountant profession and the organizational PAFs commitment on Auditor's Job Satisfaction, but it has not shown an optimum figure because there are still some other factors that also affect such auditor's satisfaction.

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