

The Influence of Leadership Style, Workload, Compensation and Organizational Culture on Performance of Auditors in National Private Company

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Abstract:

Using organizational culture as a moderator, this study seeks to gather empirical data on the effects of pay, workload, and leadership style on auditor performance. This investigation focused on certified auditors. Purposive sampling is used in the process for sample determination. Auditors were given questionnaires to complete, and 100 questionnaires may be processed to create the sample for this study. With the aid of IBM SPSS, multiple linear regression analysis (MLRA) and moderated regression analysis (MRA) are the data analysis techniques used. The study's findings indicate that the performance of an auditor is influenced by workload more so than by the auditor's remuneration or leadership style. Organizational culture, therefore, has limited control over the workload and compensation of auditors. It can, however, attenuate the impact of leadership style on auditor performance.

Keywords: auditor, compensation, workload, leadership style, organizational culture.

Introduction

The rapid development of the times demands that all existing professions follow the current of development if they do not want to be crushed by the times, including the accounting profession in Indonesia. The existence of the accounting profession in Indonesia has increasingly developed over time. This shows that the accounting profession is now one of the most developed and advanced professions in the business world. In the development of the accounting profession in Indonesia, one of the things included is none other than public accountants, also called auditors. The public accounting profession is tasked with providing information on company finances of an accountability nature and providing opinions on financial reports as a responsibility for a company's activities, which will later be used for decision-making. Excellent auditor performance is crucial to their ability to successfully carry out their duties and functions. The word "performance" is frequently used to describe a person's or a group of people's accomplishments or degree of success. It may be claimed that because human resources are a crucial component of every organization, the performance of the KAP's auditors has a significant role in how well the KAP performs. The work done to generate better or more noticeable achievements toward achieving corporate goals is reflected in the performance of auditors (Agung & Bambang, 2016).

Audits carried out by quality auditors will be beneficial to users of financial reports and to the auditors themselves. The likelihood that an auditor will discover and disclose a violation in the client's accounting system is another way to define audit quality. The dependability of their clients' financial reports depends on the effectiveness of the audit process, and the findings in the form of audited financial reports will be used as a foundation for decision-making by interested parties, thus auditors must pay close attention to audit quality. If an audit complies with auditing and quality control requirements, it is deemed to be of high quality. The audit he conducts will be of high quality if the auditor has complied with audit guidelines and quality control requirements. The purpose of audit standards and codes of ethics is to ensure that everything generated complies with applicable standards by establishing rules or procedures to monitor how well auditors do their tasks. The subject of this study will be auditors working for public accounting companies (Batubara et al., 2013). A key responsibility of an auditor, particularly in KAP, is to guarantee the accuracy and dependability of data on financial reports generated by a company. The task of forming opinions on the company's financial reporting is also delegated to the auditors. The performance of the auditor in this case and his capacity to identify fraud in a financial report are the primary factors, particularly for clients and the public at large, in evaluating the outcomes of the audit that was conducted (Darmayanti, 2018).

Literature Review

The degree of employee performance, either individually or in groups, affects the success or failure of employee performance attained by a business. The outcome of an auditor performing their duties in line with their responsibilities is known as the auditor performance. The improvement in audit quality, which may be observed in the accuracy of the plans and policies adopted by firm managers, can be used to evaluate auditor performance. Performance can be assessed using a variety of metrics, where quality is determined by the caliber of the work produced, quantity is determined by the amount of work produced in a given length of time, and timeliness is determined by how well the intended timeframe worked (Molina & Wulandari, 2018). According to experts, three elements individual characteristics, psychological factors, and organizational factors have an impact on success in a corporation. Performance in human resources is the outcome of the interaction of three elements: internal organizational factors, internal employee factors, and external factors. Factors that influence the achievement of human resource performance are ability and motivation factors. Several important factors influence fair wages, including education, experience, dependents, company capabilities, and workers' conditions. One factor that can produce job satisfaction and motivation for workers is a fairly good salary. A certain level of compensation can psychologically improve work performance and job satisfaction, as well as work results. Simultaneously, salary and allowances have an influence on employee performance. Therefore, it can be concluded that in order to increase an audiologist's performance, motivation must be provided in the form of a remuneration that is commensurate with the results desired by the employer (Rosally & Jogi, 2015).

Another factor that influences auditor performance is workload. Workload is the number of tasks given to

employees to be completed at a certain time using the skills and potential of the workforce. Workloads that can cause work stress include excessive assignment systems, pressure, and leadership attitudes towards work targets that are unfair and unreasonable. These things can cause employees work stress. Which can be interpreted as meaning that workload can be caused by leadership that is not suitable for employees and also not in accordance with the culture applied in a particular company, because a good leadership style will make employees comfortable and able to work optimally, as will a good culture (Santikawati & Herkulanus, 2016). If the culture implemented does not add pressure on employees, they can work according to instructions without any compulsion. Another factor that can also influence auditor performance is leadership style. Leadership is needed by humans because they have certain limitations and advantages. This is where the need for leadership arises. One approach to improving employee performance can be done through leadership practices, a reliable leadership style, and high, focused achievement motivation. In order to boost work productivity, human resource management generally aims to achieve the highest level of employee growth, harmonious working relationships between employees, effective integration of human resources, efficient goals, and cooperation (Sofyan et al., 2015).

The character of a leader has a significant impact on an organization's ability to survive; the leader is a sign of how well the organization is doing when it comes to fulfilling its objectives. One of a leader's responsibilities is to bring people together, which is a challenging endeavor in and of itself. A reformist leader needs to be adaptable and skilled at identifying the positive and negative aspects of both internal and external organizations in order to solve issues and boost employee and organizational performance. Organizational culture is a very important component in improving employee performance; however, in order for employee performance to increase, work motivation must also be increased. In achieving effective organizational performance, organizational culture can be a strengthening or weakening indicator. Organizational culture reflects the values agreed upon by many people in an organization so that it can differentiate between organizations. Organizational culture is the set of values, norms, and attitudes that serve as guidelines for organizational members behavior (Wirawan, 2009).

Methodology

This study employed a quantitative methodology. The sample in this study is made up of public accountants who are registered on the OJK website, which will be the writer's aim for as many as 100 public accounting businesses. The population in this study is all public accountants or auditors in Indonesia. Convenience sampling was the technique employed in this study to pick the sample. Primary data were utilized in this study. Both field research and library research were used to gather this data. To gather the information for this study, fieldwork was done directly. This data is also obtained from the first party by sending questionnaires either directly or through intermediaries from other parties. Primary data containing these questions includes all questions that are in accordance with the research variable indicators and will be answered by parties who are included in the research respondents. This data collection aims to obtain information related to the needs of researchers conducting this research. The results that will be obtained are obtained through scores that have been created and categorized into research variables, which will be filled in by the public accounting profession as respondents in this research. This data analysis method uses descriptive analysis methods, quantity tests, statistical analysis, and hypothesis testing. To identify whether there is a moderating variable or not, there are two methods that can be used, namely subgroup analysis and moderated regression analysis (MRA).

Case studies

The findings of phase 1 hypothesis testing employing numerous analyses demonstrate a favorable relationship between auditor remuneration and performance. The findings of this method's t statistical test, which demonstrate that the auditor's compensation has a significance level of 0.519, which is greater than 0.05, demonstrate this. This demonstrates that the initial hypothesis (H1) cannot be verified. It can be interpreted in this study that junior auditors and senior auditors, who are the majority of respondents in this study with an age level of under 25 years to 30 years, do not create a problem with whatever nominal salary they receive. They are not disturbed by this at work. Therefore,

in this study, the auditor's performance is unaffected by his or her pay. These findings support previous studies that claim that a person's performance is unaffected by their wage. Additionally, this research supports the findings of earlier studies that find that salaries do not significantly affect each person's performance. This study contradicts earlier studies that claimed that the performance of auditors is positively impacted by auditor compensation. This circumstance shows that the performance results of the auditor are better the greater the level of salary earned. An employee's performance will be impacted by their pay grade.

According to the results of hypothesis testing, the workload variable has a favorable impact on the performance of auditors. The likelihood is shown to have a significance level of 0.016, which is a value less than 0.05, according to the findings of the t statistical test using this methodology. This demonstrates that the second hypothesis (H2) is supported, which in this study can be read as workload having a favorable impact on the performance of the respondents who are junior auditors, senior auditors, and managers. The many demands that must be met by an auditor can cause a high workload. A high auditor workload occurs when auditors have a lot of work that does not match their time and abilities. However, the workload accompanied by the goals to be achieved will not affect the decline in auditor performance. Not all auditors believe that their perceived burden causes them to perform less well on various auditing activities, which directly affects the auditor's research performance. By gaining more information, experience, competence, and commitment, as well as by building relationships with coworkers and people outside the organization, an auditor must develop more competitive advantages. The findings of earlier research, which suggested that workload affects auditor performance, are consistent with the findings of the present study. This study defies other research's findings, which claim that workload has no bearing on an auditor's performance.

According to test results, leadership style has no bearing on an auditor's performance. This method's t statistical test findings indicate that the significance level for leadership style is 0.965, which is a number greater than 0.05. The third hypothesis (H3) is not supported, as evidenced by this. The findings of this study are consistent with those of earlier studies, which found that a leader's style does not significantly affect a team's performance. However, even though leadership style does not significantly affect performance, leaders must be aware of it while managing human resources. In this situation, this means motivating staff to perform their jobs more effectively. The findings of this study, however, do not concur with those of other studies, which claim that a leader's style affects an employee's performance. The results of the moderate regression analysis (MRA) method's hypothesis testing demonstrate that organizational culture is unable to mitigate the impact of auditor compensation on performance. The results of this method's f statistical test indicate that the number 0.487, which is a value greater than 0.05, represents the significance value of multiplying the auditor salary variable by the organizational culture variable. The fourth hypothesis (H4) is not supported, as evidenced by this. Based on these findings and the notion of organizational culture, the influence of auditor compensation on auditor performance cannot be strengthened or weakened because the majority of respondents were between the ages of 22 and 30. Since they are typically just beginning their careers at that age, it's possible that the majority of them don't give much thought to pay as long as it's appropriate for the work they do, can cover their necessities, and is regarded as sufficient. As a result, performance in this context is not greatly influenced by pay. One could argue that this research is not consistent with it because organizational culture and compensation considerations both affect performance. However, a person's performance cannot be impacted by his or her pay.

Organizational culture can moderate the influence of workload on auditor performance, according to the results of hypothesis testing using the moderate regression technique (MRA). The multiplicative interaction between the organizational culture variable and the workload variable has a significant value of 0.008, which is less than 0.05, according to the findings of the f statistical test used in this approach, supporting the fifth hypothesis (H5). It is possible to say that the organizational culture can affect an auditor's performance when the auditor works in a setting that is dedicated to upholding the established values as organizational guidelines and when these values can positively impact the ongoing performance of the organization where the auditor works. Performance of auditors is influenced by organizational culture. Auditors will feel that their workload makes it difficult for them to meet even higher goals. A person in an organization or holding a position must accomplish a number of tasks in a methodical manner within a predetermined amount of time in order to gather data about the productivity and effectiveness of an organizational unit. It is possible to say that organizational culture has an effect on how the auditor's workload affects

his performance if it is tied to the existence of a culture within the organization that is in line with the firm's vision. According to the results of the hypothesis test, corporate culture is unable to control how a leader's style affects an auditor's performance. The findings of this method's f statistical test indicate that the multiplicative interaction between the leadership style and organizational culture variables has a significant value of 0.948, which is greater than 0.05. As a result, it is evident that the sixth hypothesis (H6) is unsupported. However, these are not measuring of whether or not someone's performance is improving or declining. Leadership style and organizational culture are aspects that determine whether or not a workplace is pleasant. Employee performance is not much impacted by a leader's style. Performance is influenced by corporate culture and leadership style. Performance is influenced by corporate culture and leadership style.

Conclusion

The auditor's pay cannot have an impact on the auditor's performance. Performance of an auditor may be impacted by workload. An auditor's performance cannot be impacted by the leadership style he or she has experienced. The organizational culture present in the environment of a public accounting company is unable to attenuate the impact of the auditor's pay on their performance. Multiple regression test computations can be used to explain the research's findings. The organizational culture present in the environment of a public accounting firm might limit the impact of workload on auditor performance. Multiple regression test computations can be used to explain the research's findings. The organizational culture of a public accounting firm cannot control how a leader's style affects an auditor's performance. Multiple regression test computations can be used to explain the research's findings.

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