

## AUDITOR'S INTEGRITY: THE BALANCE OF ROLES

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### *ABSTRACT*

Auditor integrity is very important to ensure audit quality. However, auditor integrity can be influenced by pressure from superiors such as role conflict, role ambiguity, and role overload. This study aims to examine the effect of the three role pressure factors on auditor integrity and performance. This quantitative research with a causality approach was conducted through Google Form by involving staff auditors who work for 52 KAPs in Surabaya. Then the primary data was analyzed using SmartPLS. The results show that role conflict and role ambiguity have a significant negative effect on auditor integrity, while role overload has a positive but insignificant effect. Auditor integrity significantly negatively mediates the effect of role conflict and role ambiguity on auditor performance, and significantly positively mediates the effect of role overload on auditor performance. This study concludes that role pressure can threaten auditor integrity, so steps need to be taken to reduce pressure so that auditors can maintain their integrity.

Keywords: role conflict, role ambiguity, role overload, auditor integrity, auditor performance

### INTRODUCTION

Integrity is one of the most important qualities for an auditor. An auditor who has high integrity will carry out his duties with full professionalism and objectivity. By having integrity, the auditor will ensure that the audit process is carried out carefully and in accordance with applicable standards, and produce a high quality audit report. Auditor integrity also reflects honesty and sincerity in carrying out their duties, so that it can be trusted by parties who depend on the audit results.

However, auditor integrity can be influenced by various factors, one of which is pressure from superiors. Auditors often face various pressures from their superiors, ranging from simple things such as completing an audit in a short time or to produce an audit report in accordance with the wishes of the boss. More complicated forms of supervisory pressure can be in the form of role conflict, role ambiguity, and role overload. These three factors can be an exposure that affects the integrity of auditors in carrying out their duties.

Role conflict occurs when auditors are faced with conflicting demands between roles that must be performed. Auditors often have complex and diverse responsibilities, such as maintaining independence, complying with auditing standards, and meeting client needs. However, in some situations, these demands may conflict with each other. For example, auditors may face a conflict between the desire to meet client needs and the need to maintain independence and objectivity.

Role ambiguity occurs when the auditor's responsibilities are not well defined or there is a lack of clarity about the supervisor's expectations, so the auditor does not have a clear understanding of what is expected of his role. This ambiguity can cause auditors to feel confused and uncertain about how they should perform their duties.

And role overload occurs when auditors are given too many tasks and responsibilities in a limited amount of time. Auditors are often faced with tight audit schedules and must complete a lot of work in a short period of time. This excessive workload can cause auditors to feel overly stressed and make it difficult to maintain quality and integrity in performing their duties. Auditors may feel forced to ignore audit procedures that should be followed or even sacrifice their integrity to complete tasks quickly.

In the context of pressure from superiors, role conflict, role ambiguity, and role overload can be factors that exacerbate the situation. Pressure from superiors to complete audits in a short time or produce audit reports in accordance with the wishes of the superiors can amplify the role conflict, role ambiguity, and role overload experienced by auditors. This can threaten auditor integrity and potentially result in inaccurate or unobjective audit reports.

This study aims to examine the effect of pressures from superiors on auditor integrity, by considering role role conflict, role ambiguity, and role overload as factors that can affect auditor integrity.

By understanding the influence of these factors, steps can be taken to reduce pressure and strengthen the integrity of auditors in carrying out their duties. Through this research, it is hoped that empirical evidence can be found that can support the importance of maintaining auditor integrity and reducing pressures that can affect this integrity. The results of this study

are also expected to provide recommendations for related parties, such as companies and audit institutions, in improving auditor integrity and overall audit performance.

## LITERATURE REVIEW

As mentioned by Tungga et al. (2020), auditors have dual goals. As a member of an organization that has a personal control system, and as a professional who has a code of ethics in accordance with regulations, auditors often have conflicting opinions. In general, an employee may experience 3 types of conflict, namely intra-role conflict, which is when they are asked to play one role in facilitating the interests of conflicting parties (for example between the interests of the KAP owner and the interests of the client); and inter-role conflict, which is when they are faced with different role obligations (for example between obligations as an employee and obligations as a head of the family), as well as personal-role conflict, which is when the professional responsibilities given conflict with their personal values.

In contrast to role conflict which is related to an individual's position, role ambiguity is more related to job performance. When a worker does not know what they should do or how they should do it, they experience role ambiguity (Apriyanto et al., 2018). Lack of clarity regarding the scope of the audit, the level of assurance required, or the specific tasks that need to be performed can lead to role ambiguity among auditors, which in turn can lead to confusion, frustration, and lack of motivation, all of which can negatively impact auditor performance and independence (Ahmad & Taylor, 2009). Ibid. explained that unclear roles can undermine trust in the audit and cause financial data to be misinterpreted. According to Kahn et al. (1964) and Beehr (1976), role ambiguity occurs when there is no consensus regarding job objectives, responsibilities, decision making, communication and reporting structures.

Role overload occurs in terms of quantity of work, where the person occupying a role may have more things on their to-do list that may be difficult to complete in the given timeframe. Sasongko (2023) explains that role overload is a situation in which an employee is given more work than they are able to handle, causing stress, fatigue, and decreased performance. role overload becomes job pressure that reflects more of a demand than a job challenge (Crawford et al., 2010). In the context of auditors, role overload can occur when

auditors are given too many tasks to complete in a limited amount of time, causing a decrease in audit quality. Tang & Vandenberghe (2021) explain that role overload in some cases can be positively related to performance, as it can increase motivation, but it can also negatively impact performance through increased strain.

Auditor integrity refers to the impartiality and objectivity of an auditor in conducting an audit, free from conflicts of interest and bias. Hubais et al (2023) added that auditor integrity involves a broad concept of morally correct behavior, including honesty, fair dealing, and honesty during the audit process. Auditor integrity is critical to ensuring the quality and reliability of financial reporting, protecting investors, promoting transparency and accountability, and maintaining public trust in the financial reporting process. Thus, auditor integrity is an important aspect of the audit profession that is essential for maintaining public trust and confidence in the financial reporting process. Alsughayer (2021) states that Auditor integrity is a prerequisite for all parties acting in the public interest, and requires auditors to comply with ethical standards and the spirit, norms, principles of auditing, including independence, objectivity, professional behavior, and protection of the public interest. According to Mulyadi (2014), integrity indicators are honesty, firmness, wisdom, and responsibility.

Arumsari & Budiarta (2016) state that auditor performance is the ability of an auditor to obtain audit findings or results from audit activities on management and financial responsibilities carried out in the inspection team. Supriadi et al. (2021) added that auditor performance is a quality work result achieved through an auditor who carries out his duties in accordance with the responsibilities assigned to him. Basri et al. (2019) explained that an auditor's performance includes quality of work, quantity of work, job knowledge and work planning. This means that the auditor's performance explains more broadly including the quality of the audit produced by the auditor.

## **RESEARCH METHODS**

This research uses quantitative methods with a causality approach. The causality approach aims to examine the causal relationship between the variables studied. In this study, researchers wanted to determine the effect of three independent variables (role conflict, role

ambiguity and role overload) on the dependent variable (integrity and auditor performance), while the two influence relationships tested were direct effect (role conflict, role ambiguity and role overload on auditor integrity) and mediation effect (integrity mediation in the influence of role conflict, role ambiguity and role overload on auditor performance).

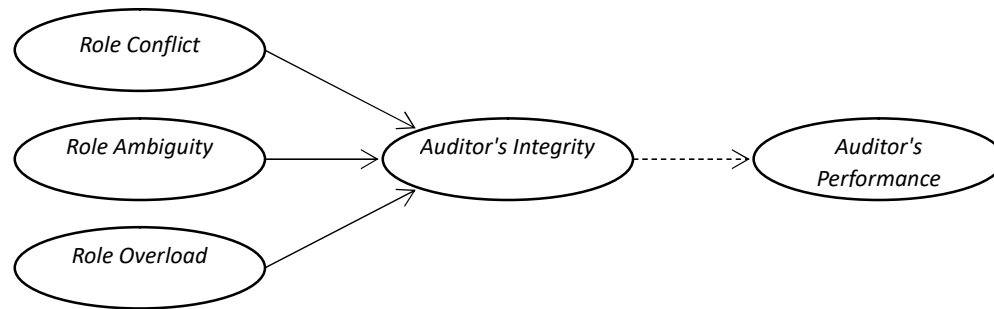


Figure 1. Conceptual Framework

From the conceptual framework, the following research hypothesis is determined:

H<sub>1</sub> : *Role Conflict* has a negative influence on *Auditor's Integrity*

H<sub>2</sub> : *Role Ambiguity* has a negative influence on *Auditor's Integrity*

H<sub>3</sub> : *Role Overload* has a negative influence on *Auditor's Integrity*

H<sub>4</sub> : *Auditor's Integrity* negatively mediates the effect of *Role Conflict* on *Auditor's Performance*.

H<sub>5</sub> : *Auditor's Integrity* negatively mediates the effect of *Role Ambiguity* on *Auditor's Performance*.

H<sub>6</sub> : *Auditor's Integrity* negatively mediates the effect of *Role Overload* on *Auditor's Performance*.

The research object was 52 Public Accounting Firms (KAP) in Surabaya. The research sample used *saturated sampling* technique, which is sampling done by taking all members of the population as samples. This technique is used because the research population is relatively small and homogeneous. Each KAP is represented by designated auditor staff. Primary data was

collected using a questionnaire by utilizing Google Forms because it saves time and energy to obtain data from remote locations.

Data analysis was conducted using *Structural Equation Modeling - Partial Least Squares* (SEM-PLS) to test the relationship between variables in the structural model. SmartPLS is used as an SEM-PLS analysis tool. The benefit of using SmartPLS is that it can analyze small amounts of data.

## ANALYSIS AND DISCUSSION

From *path analysis* testing using SmartPLS, it was found that all questions in the questionnaire had met the validity test (*outer loading factor* and *construct validity*) and reliability test (*composite reliability*), so it was continued using the *bootstrap resampling* method. The results of hypothesis testing are shown below:

Table 1. *Bootstrap resampling* results

Hypothesis		Original Sample	P value	Decision
Direct Relationship				
H <sub>1</sub>	RC -> AI	-0,657	0.007	ACCEPTED
H <sub>2</sub>	RA -> AI	-0,331	0,032	ACCEPTED
H <sub>3</sub>	RO -> AI	0,031	0,141	REJECTED
Mediation Relationship				
H <sub>5</sub>	RC -> AI -> AP	-0,261	0,033	ACCEPTED
H <sub>6</sub>	RA -> AI -> AP	-0,277	0,047	ACCEPTED
H <sub>7</sub>	RO -> AI -> AP	0,353	0,043	REJECTED

The findings in table 1 can be translated that:

1. *Role conflict* has a significant negative effect on *Auditor's Integrity*. The meaning of this finding is that when the *role conflict* faced by auditors increases, it will further weaken their integrity.
2. *Role ambiguity* has a significant negative effect on *Auditor's Integrity*. The meaning of this finding is that when the *role ambiguity* faced by auditors increases, it will further weaken their integrity.

3. *Role overload* has a positive effect on *Auditor's Integrity* insignificantly. The meaning of this finding is that when auditors face *role overload*, their integrity will increase slightly.
4. *Auditor's Integrity* mediates the effect of *Role Conflict* on *Auditor's Integrity* insignificantly. The meaning of this finding is that with auditor integrity, when auditors face *role conflict*, their performance can decrease significantly.  
*Auditor's Integrity* mediates the effect of *Role Ambiguity* on *Auditor's Integrity* insignificantly. The meaning of this finding is that with auditor integrity, when auditors face *role ambiguity*, their performance can decrease significantly.
5. *Auditor's Integrity* mediates the effect of *Role Overload* on *Auditor's Integrity* insignificantly. The meaning of this finding is that with auditor integrity, when auditors face *role overload*, their performance can increase a lot.

## **Discussion**

### **Role Conflict**

Role conflict is a situation where auditors are faced with two or more conflicting roles. This can occur when auditors are required to fulfill different responsibilities, where each role has different demands, for example, an internal auditor is required to maintain independence and objectivity in conducting audits, but on the other hand he is also required by company management to help cover up problems or fraud. Alsughayer (2021) states that auditor integrity implies independence, objectivity, professional behavior, and protection of the public interest. The negative role demanded by external parties from auditors has the potential to significantly reduce the independence, objectivity and reputation of auditors. The auditor's independence and objectivity will be impaired if he complies with negative external requests which result in the resulting audit judgment being unaccountable. The result is that when the fraud is discovered, the scandal will damage the reputation of the audit profession and the reputation of the audited company in the eyes of the public. One of them is the Enron scandal in the United States conducted by Arthur Anderson LLP, one of the 'Big Five' in the United States. While in Indonesia there was also a PT KAI scandal in 2006.

When this study was continued by making *auditor's integrity* as a mediator between *role conflict* and *auditor's performance*, it was found that auditor's performance also decreased due to the effect of role conflict on auditor's integrity decline. This means that the three auditors' integrity can be undermined by role conflict within the KAP, and when their integrity deteriorates, they will lose respect for their company and thus their performance will not be maintained.

### ***Role Ambiguity***

Role ambiguity is a situation where an auditor's role is not clearly defined by the organization, so the auditor does not have a clear understanding of his roles and responsibilities. Auditors do not have clear duties or clear guidance on how to perform their duties.

Role ambiguity can increase the risk of auditors making mistakes because they do not have a clear understanding of what is expected of them. And when auditors feel uncertain about what is right and wrong, this can cause auditors to take shortcuts and unethical decisions to meet demands from various parties. This can lead to errors in audit judgment. Even if this does not happen, role ambiguity can make auditors feel stressed and frustrated, even resulting in a decrease in commitment to the organization.

Auditor integrity is one of the important factors to ensure that audits are conducted objectively and professionally. Auditors who have integrity will always adhere to ethical standards and professionalism, even when facing difficult situations. When auditors face role ambiguity, they may feel uncertain about what is expected of them. This can cause auditors to become confused and stressed, which can have a negative impact on their performance. However, auditors who have integrity will still strive to do their job well, even in ambiguous situations.

They will be more motivated to do their job well by realizing that they have a great responsibility to provide accurate and reasonable opinions and encourage them to work more thoroughly in making objective and professional decisions to avoid mistakes.



### ***Role Overload***

*Role overload* is a situation where auditors have too many tasks to complete in a limited amount of time. This can cause auditors to feel pressured and stressed, which can have a negative impact on auditor integrity. *Role overload* occurs when an auditor is burdened with responsibilities and work beyond their capacity. For example, being assigned to audit too many clients in a short period of time.

The results of statistical analysis show different findings from our expectations. In this study, respondents indicated that *Role overload* can have a positive but insignificant effect on auditor integrity. This may be because even though auditors get excessive workloads, they can still be handled with good time management and prioritization by auditors, so they can still complete tasks based on their integrity. Integrity is an inherent characteristic of a professional auditor who has been trained to manage excessive workloads and does not easily lose his integrity just because of his workload. However, there are other external factors such as financial rewards that may have more influence on auditor integrity. So overall, role overload only has a small and insignificant positive effect because integrity is more determined by the auditor's personal values which are difficult to change just because of excessive workload.

Our conjecture regarding the mediating relationship of *auditor's integrity* in the effect of *role overload* on auditor performance was also rejected. So it means that when auditors face *role overload*, even though they feel pressured and stressed, but maybe by maintaining their integrity and considering *role overload* as a test, they actually produce better performance. Perhaps the point is not just that auditors who have integrity will still try to do their job well, even in difficult situations. But for new auditors, it tends to be seen that the *role overload* imposed is a way for superiors to test their abilities, so they try to produce better audit performance. Meanwhile, experienced auditors tend to have integrity and are better able to manage stress.

### **CONCLUSIONS**

*Role conflict* faced can reduce auditor integrity, especially regarding auditor independence and objectivity. While *role ambiguity* can make auditors not understand the limits

of their responsibilities, it will also have a negative impact on their integrity. Furthermore, auditors whose integrity decreases tend to affect their performance poorly.

However, it is different with *role overload*, which although it can stress auditors, it does not always have a negative impact on auditor integrity. Our findings show that auditors with integrity are able to manage work overload well, so that their performance actually improves, because the stress they face becomes a work challenge.

Job pressures in the form of role conflict, role ambiguity and role overload should be anticipated so that auditors are not forced to ignore audit procedures that should be followed or even make compromises in carrying out their duties. Otherwise, this can threaten the integrity of auditors and potentially produce inaccurate or unobjective audit reports.

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