DO OBEDIENCE PRESSURE AND TASK COMPLEXITY AFFECT AUDIT DECISION?

Christina Dwi Cahyaningrum  
Fakultas Ekonomika dan Bisnis Universitas Kristen Satya Wacana  
christinacahyaningrum93@gmail.com

Intiyas Utami  
Fakultas Ekonomika dan Bisnis Universitas Kristen Satya Wacana  
intiyas@staff.uksw.edu

Abstract

Pressures from various parties may impact auditor’s decisions. Complex and interrelated tasks can also inhibit auditor to search for relevant information, to process it, and to determine audit decision. This study aims to investigate the accuracy of audit decision made by junior auditors when they face obedience pressure and task complexity. Using accounting bachelor students as surrogates of junior auditors, we conduct a 2x2x2 between-subject experimental design to test our hypotheses. We manipulate both obedience pressure and task complexity into high and low condition. The results show that participants who receive both low obedience pressure treatment and low task complexity treatment make more accurate audit decision. It is expected that our research could inform practitioners the importance of minimizing the side effect of obedience pressure and task complexity on inaccurate audit decision.

Keywords: obedience pressure, task complexity, audit decision

Abstrak

Tekanan dari berbagai pihak dapat memengaruhi keputusan auditor. Tugas yang kompleks dan saling terkait juga dapat menghambat auditor untuk mencari informasi yang relevan, memproses informasi, dan menentukan keputusan audit. Penelitian ini bertujuan untuk menyelidiki keputusan audit yang dilakukan oleh auditor junior ketika dihadapkan pada kondisi tekanan ketaatan dan kompleksitas tugas. Penelitian ini melibatkan mahasiswa program S1 Akuntansi yang berperan sebagai auditor junior. Peneliti menggunakan desain eksperimen 2x2x2 antara subjek untuk menguji hipotesis. Peneliti memanipulasi baik tekanan ketaatan dan kompleksitas tugas dalam kondisi tinggi dan rendah. Hasil penelitian menunjukkan bahwa subjek yang menerima baik pengobatan tekanan ketaatan rendah dan pengobatan kompleksitas tugas rendah membuat keputusan audit yang lebih akurat. Penelitian ini diharapkan bisa menginformasikan kepada praktisi tentang pentingnya meminimalkan efek sampling dari tekanan ketaatan dan kompleksitas tugas terhadap keputusan audit yang tidak akurat.

Kata kunci: tekanan ketaatan, kompleksitas tugas, keputusan audit
INTRODUCTION

This research aims to study the effect of obedience pressure and task complexity in auditing context. Obedience pressure is a social pressure confronted by individuals from their superiors in the organizations which can affect their behavior (Lord and DeZoort 2001). It is motivated by the needs to develop better understanding that individuals can behave dysfunctionally when they are in conflicting situation because of the pressures from ones with higher authority to follow instructions that are not in accordance with their belief. Empirical evidences suggest that when performing their functions, auditors have to deal with social pressure (Ponemon 1992), organizational and professional conflict (Shafer 2002) and disagreement with their superiors (Lord and DeZoort 2001; DeZoort and Lord 1994; Davis et al. 2006). Auditor also meets the situation when the instructions are related to complex tasks. Luippold and Kida (2012) stated that task complexity induced the inaccurate judgment. This study extends previous research that examines obedience pressure and the task complexity to audit decision and the interaction of obedience pressure and the task complexity.

It is expected that our paper contributes to the literature by evaluating one type of social pressures, i.e. obedience pressure using obedience theory in the auditing context and combining it with task complexity explained by role theory. Social pressure can be classified into obedience pressure, compliance pressure, and conformity pressure. Previous research (e.g. Lightner et al. 1982; Dirsmith and Covaleski 1985) tested compliance pressure, while Ponemon (1992) tested conformity pressure. DeZoort and Lord (1994) empirically show that auditors tend to make unethical decisions when confronted with obedience pressure from their superiors. The higher the hierarchical status of superiors in audit firms, the higher superiors’ influence on their subordinates. Following research by Lord and DeZoort (2001) support that senior auditors, who are instructed to close clients’ account balances that are not yet verified, face obedience pressure. In practice, obedience pressure causes auditors to increasingly find dilemma and conflict in themselves when having more complex tasks.

Previous literatures (Lord and DeZoort 2001; DeZoort and Lord 1994; Davis et al. 2006) examine obedience pressure without considering audit task complexity that potentially affects audit decisions. Accordingly, we believe that it is a potential research gap that on one hand, auditors have to confront social pressure in the form of obedience pressure from external parties while, on the other hand, information ambiguity emerges due to job pressure in the form of task complexity (Luippold and Kida 2012). While previous literatures rely on survey method, we aim to investigate both issues using experiment method since experimental method has better ability to explain causal relationship between dependent and independent variables (Shadish et al. 2002; Nahartyo 2012; Nahartyo and Utami 2015).

Previous research (Baird and Zelin II 2009; Rochman 2014) provide empirical evidence that obedience pressure influence the possibility of fraud. Obedience theory can explain how pressure and rationalization motivate individuals to commit fraud. In this context, pressure refers to pressure from ones with higher authority to their subordinates and disobedience to superiors’ instructions potentially leads to increasing possibility that subordinates will lose their occupation. According to Milgram (1974; 1963) in Davis et al. (2006), obedience theory explains that individuals are confronted with conflict between their personal values, beliefs and pressure to obey ones with higher authority. According to obedience theory, rather than taking full responsibility of decisions they make, individuals rationalize their behavior by placing full responsibility to more powerful figures. If individuals can ensure themselves that they just follow instructions and do not have opportunity to refuse instructions, they
will consider that their decisions are not individual responsibilities.

Obedience pressure has seriously negative consequences on auditor, such as potential litigation, loss of professionalism, public trust, and social credibility (DeZoort and Lord 1994). In Indonesian context, Rochman (2014) find that competence, obedience pressure and auditors’ experience indirectly affect detection of fraud-indicated findings with independence as intervening variable. Jamilah et al. (2007) conduct a survey on auditors working at audit firms in East Java and find that obedience pressure significantly influence audit decision.

Auditor is a profession that is closely related to stress since auditors not only often have to deal with role conflict but also with highly complex audit assignments. Additionally, demand for high precision, professional skepticism, and responsibilities to produce high-quality audit report increase auditors’ occupational pressure. In busy seasons, auditors have to work overtime, often more than ten hours per day for several months (Jones III et al. 2010). This condition will increase physical workload that eventually affects psychological condition. Auditors’ assignment with characteristics of tight deadline, task flow that cannot be controlled by auditors will trigger role overload. Chronic overload due to numerous assignments with high time pressure reduces accuracy of audit decision.

Task complexity can also affect ones’ activities in performing their works and quality of their works (Tan and Kao 1999). Ones tend to make errors in performing their tasks when the tasks are difficult and complicated. In auditing, errors may occur when auditors collect, process, and evaluate information. Such errors will decrease the accuracy of audit decision. Considering that auditors offer various services to various clients, they potentially experience complex and diverse problems.

Bonner (1991) proposes three reasons why study on task complexity in audit situation is necessary: (1) it is expected that task complexity has significant effect on auditors’ performance, (2) decision making tools and training is allegedly set in such a way when researchers understand peculiarity of better audit complexity, and (3) better understanding of task complexity helps management of audit firms find better solutions for audit staff and audit assignment.

Chung and Monroe (2001) conclude that high task complexity affects auditors’ decisions. Similarly, Abdolmohammadi and Wright (1987) find that there is a significant difference of audit decision made by auditors having high task complexity and auditors having low task complexity.

This is an experimental research with 80 bachelor students (majoring in accounting) who are taking auditing course as participants. We use students as proxy of junior auditors because audit engagement for participant do not involved high experience. Audit decision in planning level can be performed as a part of analytical procedure (Bonner and Walker 1994; Moreno et al. 2007). Our findings show that subjects with low obedience pressure and task complexity produced accurate audit decision. More specifically, the results lead to the following conclusions: (1) obedience pressure has significant negative effect on audit decision; (2) task complexity negatively influence audit decision; and (3) interaction between obedience pressure and task complexity positive significantly affect audit decision.

**LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

**Obedience Pressure**

Obedience pressure is a condition experienced by auditors when they are confronted with dilemma. The dilemma exists when auditors receive superiors’ instructions that are different, even in conflict, with their personal values and belief (Lord and DeZoort 2001; DeZoort and Lord 1994; Davis et al.
2006). The power of superiors and clients erode auditors’ independence since they have been under pressure to perform their duties.

Obedience pressure is the result of expectation gap between auditees and auditors that leads to conflicts the auditors. According to general audit standard, an auditor is required to express an opinion whether client’s financial statement is presented fairly. An unqualified opinion without adequate audit evidence may shift the domain of the problem from audit standard to code of ethic. If auditors accommodate clients’ demand, it is considered a violation of audit professional standards. However, when auditors refuse to follow superiors’ or clients’ demand, they manage to apply audit professional standards.

Pressure from audit assignment can take the form of time budget, deadline, justification or accountability from more powerful parties such as partners and clients. Such pressure may force auditors to violate standard of field work in their professional activities. Consequently, auditors may not be independent in performing their assignments, violate existing standard, or even be suspended from clients’ assignments.

Based on previous discussion, it can be concluded that auditors experience obedience pressure when they are instructed by their superiors or clients to violate standard of field work. Obedience pressure can be measured by intention to decline clients’ requests to violate professional standards, resisting clients due to intention to uphold professionalism, and resisting superiors’ instructions that are in conflict with professional standards and moral (Jamilah et al. 2007).

Task Complexity

Auditors always have to deal with numerous, different, and interrelated assignments. According to Jamilah et al. (2007), complexity refers to the difficulty of a task caused by a decision maker’s limited capability, memory, and ability to integrate all the problems. Two aspects compose task complexity, i.e. level of task difficulty and task structure. Level of task difficulty refers to amount of information on a particular task, while task structure is related to information clarity.

While some consider an audit task to be highly complex and difficult, others may consider it to be easy. Restuningdiah and Indriantoro (2000) argue that complexity is the result of ambiguity and weak structure in main tasks and other tasks as well. In ambiguous and ill-structured tasks, auditors cannot easily identify alternatives so that they cannot generate data and predict the results.

Similarly, Chung and Monroe (2001) argue that task complexity in auditing is affected by following factors: (1) amount of irrelevant information, in the sense that the information is not consistent with predicted event and (2) high level of ambiguity, various outcomes expected by clients from audit tasks.

The increase of complex task or system will reduce the probability of assignment success (Restuningdiah and Indrianto 2000). In the auditing context, high task complexity can cause auditors to dysfunctionally make audit decision.

Audit Decision

Audit decision is the result of an auditor’s judgment in responding existing information. It will significantly affect final opinion in an audit report. Various factors may influence auditor’s judgment; one of them is individual’s behavior factor.

According to Elder et al. (2010), audit decision is an auditor’s policy in expressing opinion about an audit result that refers to formation of an idea, argument, or prediction about an object, event, status, or type of other event. Auditors do audit of financial statements through four main stages: (1) planning, (2) understanding, (3) test of internal control structure and (4) publication of audit report.

During audit assignment, auditors’ major responsibilities lie on their ability in making accurate decision based on their judgment on available explanation and evidence. Audit process requires the use of judgment in almost of every stage of it. Such judgments affect not only the type of auditor opinion, but also
efficiency of field work of audit tasks (Jamilah et al. 2007).

Sanusi et al. (2007) investigate the effect of goal orientation and task complexity on the performance of audit decision using mail survey on Malaysian auditors. They find that learning goal orientation has positive association with performance of audit decision. Furthermore, performance avoidance orientation and task complexity have negative association with performance of audit decision. Meanwhile, interaction between performance approach orientation and low task complexity has positive relationship with audit performance as proxied by audit decision.

Relationship between Obedience Pressure and Audit Decision

Obedience pressure may come from internal or external factors. Examples of internal factors are usually related to financial issues such as greed, awareness of unfulfilled personal needs, and issues related to job performance (such as being afraid of losing job or needs of promotion). External factors mainly come from superiors and clients. Auditors are confronted with various instructions, orders, pressures, and audit standard and professional ethics that have to be obeyed. Superiors’ instructions or clients’ demands may affect audit decision making process. It is often that such instructions imply violation of existing professional ethics.

Clients’ pressures lead auditors to behave dysfunctionally by accepting errors or violating ethics in making audit decisions that eventually erodes auditor independence and quality of audit decision in expressing opinion on clients’ financial statements. As Hartanto and Kusuma (2001) suggests, auditors who receive incorrect instructions, either from superiors or clients, tend to violate professional standards. Based on arguments from previous literature, our first hypothesis will be as follows:

**H1:** Audit decision under low obedience pressure is more accurate than audit decision under high obedience pressure.

Relationship between Task Complexity and Audit Decision

Complexity can be interpreted as information complexity that refers to the amount of audit evidence or the length of presented evidence (Hogarth and Einhorn 1992). In the investment context, Pinsker (2007) tested 20 pieces of positive evidence followed by negative evidence, while Pinsker (2011) tested 40 pieces of evidence followed by negative evidence. The findings show that the more complex the information given, the higher the possibility that information ambiguity exists and affects final decision.

Information complexity is related to task complexity. The difficulty level of a certain task is always linked with the amount of information related to the task, while task structure is linked to information clarity. High level of task complexity may affect accuracy of auditors’ decisions.

Task complexity can be interpreted as complexity of multiple tasks that consist of numerous, different, and interrelated parts. Task complexity can also be influenced by auditors’ role. Auditors’ task complexity can affect auditors’ efforts to process information that is needed in audit decision making.

Task complexity can be used to increase the quality of audit works (Libby 1995). According to Tan and Kao (1999), work quality can be classified based on its complexity level, i.e. low-complexity, medium-complexity, and high-complexity work. In addition, they add ability to solve problems as a variable that also affects interaction between individual accountability toward their work and conclude that accountability, knowledge, and task complexity affect work quality.

In that audit context, it is important to study task complexity due to its impact on the quality of audit decision. Additionally, better understanding of complexity of different audit tasks can help managers assign tasks better and learn how to make decisions (Bonner and Walker 1994).

Chung and Monroe (2001) find that high task complexity affects quality of decisions
made by auditors. Auditors consider their audit tasks to be complex so that it is difficult for them to accomplish the tasks and make professional decision. Consequently, auditors make decisions that are not in accordance with available evidence. Based on previous research and arguments, we propose our second hypothesis as follows:

\[ H_2: \text{Audit decision made by auditor confronted by tasks with low complexity is more accurate than audit decision made by auditor confronted with highly complex tasks.} \]

Interaction between Obedience Pressure, Task Complexity, and Audit Decision

Jamilah et al. (2007) and Hartanto and Kusuma (2001) show that obedience pressure has significant effect on audit decision. When auditors are confronted with pressures from superiors or clients, their behavior in decision making will be affected. It is probable that auditors’ decisions will violate professional standards in order to comply with clients’ or superiors’ demands.

Pressures experienced by auditors will influence their independence in making decision that certainly, and eventually their opinion. Meanwhile, it is more probable that auditors who are not under pressure make decisions that do not violate professional auditing standard.

When auditors perform complex audit tasks, their audit decisions will be potentially affected. The effect will be greater if the tasks are complicated, different, and interrelated. Meanwhile, auditors with less complex tasks have better ability to make more accurate decisions that also comply with professional standards. Based on previous discussion and literature review, our third hypothesis will be:

\[ H_3: \text{Audit decision exhibit highest level of accuracy under condition of low obedience pressure and low task complexity.} \]

METHODOLOGY

Research Design

This experimental research uses a 2x2x2 intersubject design. Our dependent variable is audit decision while obedience pressure and task complexity are the independent variables. The subjects were senior bachelor students majoring in accounting from a private university who are taking auditing course as our subjects. The subjects act as junior audits in an audit simulation. It is assumed that students who have completed auditing course could act as a proxy for junior auditors. In general, junior auditors are very susceptible towards the effects of pressure from individuals with higher authority.

Operationalization of Variables

The dependent variable, audit decision, is an auditor’s policy in expressing opinion about an audit result that refers to formation of an idea, argument, or prediction about an object, event, status, or type of other event (Elder et al. 2012). Meanwhile, the independent variables are: (1) obedience pressure is a condition confronted by auditors when they face a dilemma that obeying an instruction from superiors is in conflict with their values and beliefs (Lord and DeZoort 2001; DeZoort and Lord 1994; Davis et al. 2006); (2) task complexity is the difficulty of a certain task caused by a decision maker’s limited capability, memory, and ability to integrate all the problems (Jamilah et al. 2007). The audit decision is measured in a scale ranging from 10 (low level of potential misstatement) to 100 (high level of potential misstatement) (Utami and Wijono 2014).

Stages of Research

The flow of experiment can be seen at Figure 1. At the first stage, all participants are randomly divided into four groups, i.e. group 1 (high obedience pressure and high task complexity), group 2 (high obedience pressure and low task complexity), group 3 (low obedience pressure and high task complexity)
and group 4 (low obedience pressure and low task complexity). Table 1 explains the matrix of experimental design. Each group is located in separate rooms to ensure that randomization (only manipulation of independent variables explains dependent variable) is effective. Each room has relatively similar condition and we believe that room condition does not have effect on subjects’ audit decision.

<table>
<thead>
<tr>
<th>Task Complexity</th>
<th>Obedience Pressure</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Group 1</td>
</tr>
<tr>
<td>Low</td>
<td>Group 2</td>
</tr>
<tr>
<td>High</td>
<td>Group 3</td>
</tr>
<tr>
<td>Low</td>
<td>Group 4</td>
</tr>
</tbody>
</table>

In the introductory part, all subjects watch a video containing profile of audit firm where the junior auditor work; profile of audit firm’s superior; client profile, i.e. an automotive firm; profile of client’s manager; and instruction from superior and client that indicate obedience pressure condition. We confirm the internalization of understanding of client’s business and role and tasks of auditors by providing subjects with multiple choice questions.

Subsequently, we manipulate subjects in the form of video and a simulation module. Subjects in high obedience pressure groups watch video showing pressure from the superior who asked the junior auditor to help the client to cover up material misstatement and not to report such misstatement in worksheet. The relationship between the audit firm and the client has been established quite long. Consequently, the superior has already committed to client and the junior auditor has to follow superior’s instructions. For subjects with low obedience pressure, the video shows instructions to present client condition according to audit findings. We check the manipulation by asking subjects about condition of obedience pressure and all of the subject pass of manipulation check.

In the subsequent stage, subjects receive audit task complexity to determine audit decision in the form of client’s potential misstatement. Subjects with high task complexity receive a module containing highly complex audit assignment. The task consists of observing inventory at warehouse, receivable confirmation, checking inventory report at warehouse and bank reconciliation. The complex assignment causes participants to be under pressure in determining potential misstatement. For groups with low task complexity, the assignment is simpler and only involves inventory checking at warehouse. To ensure that subjects understand the manipulated situation, we give them three questions, and all of subjects pass the manipulation check.

We then debrief subjects after they finish doing the assignment in order to return subjects from manipulated condition to the initial one. We also explain that their participation in the simulation is voluntary and they can withdraw their simulation result if they object to the treatment they received. It is our responsibility to uphold research ethics to not put subjects into involuntary condition so that we can be held responsible for our results. Our manipulation checks for obedience pressure and task complexity has theoretical average of 55, indicating that participants with high obedience pressure produces score above 55 while participants with low obedience pressure less than 55. The score of 55 because was
determined because that are medium score of audit decision (0-100).

**Technique of Analysis**

First, we generate descriptive statistics of subjects’ profile. We then test the effectiveness of randomization with one way analysis of variance (ANOVA) to ensure that only manipulated variables, and not differences in demographic characteristics, affect audit decision. Randomization is considered to be effective if intersubject audit decision is not different. To test our hypotheses, we use two way ANOVA.

**RESULTS AND ANALYSIS**

**General Description of Participants**

There are 80 bachelor students taking auditing class as participants. Table 2 informs that there are 27 male participants (34%) while the number of female participants is 53 (66% of total participants). Most participants (72 students) are in their fifth semester while the rest are in seventh semester. There are 26 subjects (33%) who are in GPA interval of 2.01-2.99; 29 subjects (36%) in the interval of 3.00 – 3.49, and 25 people (31%) have GPA ≥ 3.50.

**Results of Manipulation Check**

Obedience pressure manipulation is measured with the score of pressure (10-100 scale). The median score is 55, so the obedience pressure is considered to be high if the score is above 55 and low if the score is below 55. Table 3 shows the results of check of obedience pressure manipulation. Since the average score of obedience pressure of subjects with high obedience pressure is 61.34 (above 55) with the range of 40-100, it indicates that manipulation of obedience pressure works in this group. In control group (group with low obedience pressure manipulation), the score range is 10-80 with average of 53.875. This shows that a participant in control group has low obedience pressure.

For task complexity manipulation, subjects experiencing high task complexity exhibit the mean value of audit decision of 71.594 (higher than 55), implying that

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Participants’ Profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Sex:</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>27</td>
</tr>
<tr>
<td>Female</td>
<td>53</td>
</tr>
<tr>
<td><strong>Age:</strong></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>20</td>
<td>58</td>
</tr>
<tr>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>≥ 22</td>
<td>1</td>
</tr>
<tr>
<td><strong>GPA:</strong></td>
<td></td>
</tr>
<tr>
<td>2.01 - 2.99</td>
<td>26</td>
</tr>
<tr>
<td>3.00 - 3.49</td>
<td>29</td>
</tr>
<tr>
<td>≥ 3.50</td>
<td>25</td>
</tr>
<tr>
<td><strong>Semester:</strong></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>72</td>
</tr>
<tr>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>
For participants with low task complexity, the mean value of audit decision is 43.625 (lower than 55) which indicates the effectiveness of manipulation. Overall, all participants have received appropriate treatment manipulation for obedience pressure and task complexity, ensuring that the results can be used to test our hypotheses.

**Randomization Check**

Before hypothesis testing, we check the effectiveness of randomization by running one way ANOVA test on demographic profile of participants. The test aims to investigate whether demographic factors affects audit decision. As illustrated in Table 4, the results show that the significance value of four demographic characteristics (sex, age, GPA and semester) is above 0.05, implying that the four demographic characteristics do not affect audit decision made by junior auditors. It then can be concluded that randomization is effective since only manipulated variables affect subjects’ audit decision.

**Hypothesis Testing**

Table 5 displays the average of audit decision under condition of high/low obedience pressure and of high/low task complexity. We use two way ANOVA to test the audit decision difference decision on various levels. Table 6 shows the statistical test of 80 subjects under four conditions.

### Table 3

**Manipulation Check for Each Treatment**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Theoretical Range</th>
<th>Theoretical Mean</th>
<th>Empirical Range</th>
<th>Empirical Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Obedience Pressure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>10 – 100</td>
<td>55</td>
<td>40 - 100</td>
<td>61.344</td>
</tr>
<tr>
<td>Low</td>
<td>10 – 100</td>
<td>55</td>
<td>10 - 80</td>
<td>53.875</td>
</tr>
<tr>
<td><strong>Low Complexity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>10 – 100</td>
<td>55</td>
<td>30 - 80</td>
<td>71.594</td>
</tr>
<tr>
<td>Low</td>
<td>10 – 100</td>
<td>55</td>
<td>20 - 80</td>
<td>43.625</td>
</tr>
</tbody>
</table>

### Table 4

**Results of One Way ANOVA**

<table>
<thead>
<tr>
<th></th>
<th>Mean Square</th>
<th>Sig.</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sex:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>347.524</td>
<td>0.286</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Within Groups</td>
<td>301.673</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Age:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>438.139</td>
<td>0.702</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Within Groups</td>
<td>23,439.908</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GPA:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1,153.262</td>
<td>0.149</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Within Groups</td>
<td>22,724.785</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Semester:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>185.035</td>
<td>0.437</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Within Groups</td>
<td>23,693.012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 5  
Average Value of Audit Decision for Each Group

<table>
<thead>
<tr>
<th>Task Complexity</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Obedience Pressure</td>
<td>75.250</td>
<td>49.625</td>
</tr>
<tr>
<td>Low Obedience Pressure</td>
<td>68.563</td>
<td>35.438</td>
</tr>
</tbody>
</table>

Table 6  
Results of Two Way ANOVA Test

<table>
<thead>
<tr>
<th></th>
<th>Mean Square</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected Model</td>
<td>6,572.630</td>
<td>0.000</td>
</tr>
<tr>
<td>Intercept</td>
<td>261,918.828</td>
<td>0.000</td>
</tr>
<tr>
<td>Obedience Pressure</td>
<td>2,178.828</td>
<td>0.000</td>
</tr>
<tr>
<td>Task Complexity</td>
<td>17,257.813</td>
<td>0.000</td>
</tr>
<tr>
<td>Obedience Pressure*Task</td>
<td>281.250</td>
<td>0.026</td>
</tr>
<tr>
<td>Complexity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall, the results support our hypotheses. More specifically, for our first hypothesis, audit decision under low obedience pressure is more accurate than audit decision under condition of high obedience pressure (p < 0.005). The mean value of audit decision under high obedience pressure is 75.25 while the average of audit decision under low obedience pressure is 68.56. The test of our first hypothesis is test of simple effect to examine the effect of obedience pressure on audit decision. Our results are consistent with previous research.

Subject with high obedience pressure tend to have dysfunctional behavioral. We highlight the findings that participants justified their decision by stating that they complied with the direction of their superior. Subjects in high obedience pressure indicated a greater ethical conflict than subjects in low obedience pressure. Participants who fully obeyed the inappropriate instruction appeared to shift their decision to their pressuring superiors.

More specifically, Hartanto and Kusuma (2001) find that in the context of audit firm, superiors’ instruction contribute to obedience pressure to junior auditors that affect to audit decision although the instruction is not accurate. Furthermore, Jamilah et al. (2007) also empirically show that obedience pressure influence audit decision. Junior auditors tend to violate professional standards when they have to obey superiors’ instructions or clients’ demands. Besides, junior auditors’ tendency not to resist superiors’ instructions or clients’ demands is driven by being afraid of losing job and having to find new occupation or losing client.

Our second hypothesis, audit decision under low task complexity is more accurate than audit decision under high task complexity, is also supported by the empirical results (p < 0.005). More specifically, the mean value of audit decision of group with high task complexity is 75.25 while the mean value of audit decision of group with low task complexity is 49.63. The results are consistent with Chung and Monroe (2001) who conclude that high level of task complexity affect auditors’ judgment. In addition, Abdolmohammadi and Wright (1987) show the difference of audit decision of auditors with high and low task complexity. Participants with high level of task complexity tend to confuse because many task must finished at the certain time. We highlight the findings that participants indicated the inaccurate decision when they felt the task was so complex and they do not pay attention for the detailed information. However, our findings are not consistent with Jamilah et al. (2007) who suggest that task complexity does not have significant effect on auditors’ decision in expressing opinion. Jamilah et al. (2007) conducted survey method through the distribution of questionnaires to the auditor in East Java. They found that the task complexity accepted by the auditor does not affect the audit decision. The result of this research supports that task complexity influence audit decision. The auditors with high complexity tend to make inaccurate decision because they must shift the attention for many tasks.
The third hypothesis proposes the interaction effect of independent variables. The test compares the mean value of audit decision in two levels, i.e. task complexity and obedience pressure (Figure 2). The result of two-ways ANOVA indicates that the significance value of interaction between task complexity and obedience pressure is 0.026. Junior auditors who are confronted with condition of high obedience pressure and high task complexity show less accuracy in determining clients’ potential misstatement that will eventually affect their audit decisions. Participants under high obedience pressure acquiesced and raised their ethical conflict, and also when at the same time they felt the task was so complex. Participants who fully obeyed their superiors’ instruction to violate the auditing standards and also have been ordered to do many tasks with time budget tended to do inaccurate judgment. Individual subjected to obedience pressure will make decision contrary to their own attitudes, belief, and values (Milgram 1974 in Davis et al. 2006). Participants with low obedience pressure and low task complexity exhibit higher degree of accuracy in determining clients’ potential misstatement so that their audit decisions are also more accurate.

CONCLUSION

Conclusion
This research investigates the effect of obedience pressure and task complexity on audit decision made by junior auditors using experimental research. The findings show that; first, obedience pressure has significant negative effect on audit decision. The more pressure junior auditors receive from superiors and clients, the more likely they behave dysfunctionally and violate professional standards. Junior auditors tend to follow clients’ demand or superiors’ instruction to tolerate clients’ misstatement. Meanwhile, junior auditors with low obedience pressure will make audit decision based on available facts and evidence with less concerns on clients’ or superiors’ pressure to follow orders. Consequently, audit decision made by junior auditors with high obedience pressure is less accurate than audit decision of junior auditors with low obedience.

Second, task complexity has significant negative influence on audit decision. The more complex an audit task given to junior auditors, the more difficulties they have in determining clients’ potential misstatement. It is more difficult for junior auditors to collect evidence, process and evaluate information. The difficulties increase their potential errors and, eventually, inaccuracy in making audit decision. Therefore, audit decision under high task complexity will exhibit low level of accuracy than audit decision under low task complexity.

Third, interaction between obedience pressure and task complexity significantly affect audit decision. Junior auditors who have experiences with high obedience pressure and high task complexity exhibit low level of accuracy in determining clients’ potential misstatement that ultimately affect their audit decision. On the contrary, junior auditors with low obedience pressure and low task complexity will exhibit high level of accuracy in determining clients’ potential misstatement so that their audit decision is also more accurate.
Research Implications

Our results have the following implications, i.e. (1) it is suggested that audit firms provide training to auditors, junior as well as senior, to be better in gaining comment understanding on superiors’ or clients’ demands that are not in conflict with professional norms or standards; (2) Indonesian Accounting Association could anticipate the effect of obedience pressure on violation of professional standards, such as issuing rules containing firm sanctioning for auditors who violate professional standards; and (3) audit firms could resolve the complexity task with a good communication or use electronic media communication to minimize errors that could lead to inaccuracies in making audit decision.

Limitations of the Study

First, we do not test personal characters of subjects that potentially influenced the manipulation. This research does not hold testing the influence of personal character to audit decision. To avoid the threat of manipulation, this research has randomized subjects. We suggest that future research can test the personal character to test the effectivity of randomized. Second, this research involves various stages at different time, implying the possibility of diffusion effect from subjects from one class to subjects from another class. However, we have tried to minimize the possibility by only allowing short breaks. During experiment, the class condition among groups is also relatively similar. Third, this research only investigates individual decision making while in practice most audit decisions are collective ones. It is expected that future research could focus on group-based audit assignment instead of individual one. Future audit decision research may also involve other types of social pressures, such as obedience pressure and compliance pressure, and its interaction with task complexity.

REFERENCES


