

Job Satisfaction as a Moderating Variable in the Relationship between Organizational Justice and Acceptance of Dysfunctional Audit Behaviour

¹Petrus Ridaryanto, ²Imam Ghozali and ²Agus Purwanto

¹Department of Accounting, Atmajaya University of Jakarta, Jakarta, Indonesia

²Department of Business and Economics, Diponegoro University, Semarang, Central Java, Indonesia

Abstract: The study modelled and tested the influence of organizational justice toward dysfunctional audit behaviours, especially on the dimension of premature signing off. There are little evidence on the direct influence of organizational justice toward the behaviour. This study uses job satisfaction as moderating variable, since it has relationship with organizational justice and the reduce quality behaviour. The research is based on a survey of 262 auditors working in public accounting firms in Indonesia. The structural equation analysis section tests the fit of the general model to the empirical data. The study revealed the partial moderating function of job satisfaction. The findings are subject to a number of limitations associated with dysfunctional behavior dimensions. The significant role of job satisfaction suggest the imperative priority for audit firm managements. The research provides empirical evidence to address the concerns of the job satisfaction as useful variable to link between organizational justice to the acceptance of DAB.

Key words: Organizational justice, job satisfaction, dysfunctional audit behaviour, analysis, Indonesia, data

INTRODUCTION

Dysfunctional Audit Behaviour (DAB) is an important issue in public accounting. Since, it has negative consequences for both the auditor and the audit firm. DAB that associated with decreased audit quality is a widespread problem on audit work (Outley and Pierce, 1995). Acceptance of DAB is an important determinant of firm long-term survival which eventually makes it particularly sensitive to the auditor behaviour (Paino *et al.*, 2010). Many identified factors contribute to an auditor's attitudinal, decisional and behavioral components to the acceptance of DAB including the auditor's characteristic and the firm's condition (Nadiri and Tanova, 2010; Lum *et al.*, 1998). Auditor's job satisfaction is another important factor for explaining reduced audit quality (Malone and Roberts, 1996). Perceptions of satisfaction constitute an important variable in organizational and individual decision making, since, it relates with job satisfaction, turnover, leadership style, organization citizenship, commitment, trust, job performance and organizational and social exchange (Rupp and Cropanzano, 2002; Bettencourt and Brown, 1997). Obviously, there are links between organizational conditions and relationships toward burnout as the effect of dissatisfaction (Herda and Lavelle, 2012; Schappe, 1998; Saari and Judge, 2004). Moreover, Kim found that employees who

perceived that they were treated fairly by the company tended to develop organizational relationships with the firm.

Notwithstanding that, we have seen markedly a burgeoning research interest to the study of DAB in the past few years, little work has devoted surprisingly on the direct influence of organizational justice and auditor satisfaction simultaneously toward the behaviour (Cropanzano *et al.*, 2001). Many previous studies are arguably the most authoritative academic analysis of Dysfunctional Audit Behavior but many of them particularly discussed from organizational justice to the acceptance of DAB. Admittedly, many studies revealed the overall and unique relationships between distributive, procedural, interpersonal and informational justice and organizational outcomes (Colquitt, 2001; Rupp and Cropanzano, 2002; Lam *et al.*, 2002; Aryee *et al.*, 2002) job satisfaction (Nadiri and Tanova, 2010; Lambert *et al.*, 2007; Rifai, 2005; Ang *et al.*, 2003; Schappe, 1998; Leung *et al.*, 1996; Moorman *et al.*, 1993; Mc Farlin and Sweeney, 1992; Bettencourt and Brown, 1997), organizational commitment (Bakhshi *et al.*, 2009; Donnelly *et al.*, 2011; Schappe, 1998; Moorman *et al.*, 1993), evaluation of authority (Otle and Pierce, 1995), organizational citizenship behavior (Lambert *et al.*, 2007; Pare and Tremblay, 2007; Rifai, 2005; Nadiri and Tanova, 2010; Schappe, 1998) and employee performance (Burney *et al.*, 2009; Ang *et al.*, 2003; Fisher, 2001).

However, there is minor evidence about justice perceptions linked directly to the acceptance of Dysfunctional Audit Behaviour (DAB) (Burney *et al.*, 2009; Cohen *et al.*, 2007) while many studies found that job satisfaction is positively related to organizational justice. Hence, this study explores the influence of job satisfaction as valuable component in moderating the relationship between organizational justice and DAB.

Literature review

Organizational justice: Organizational justice implies norms regarding the treatment of employees and relates to the trust in organization (Rupp *et al.*, 2006). There are three organizational justice dimensions (distributive, procedural and interactional) within the organization (Lambert *et al.*, 2007; Aryee *et al.*, 2002; McFarlin and Sweeney, 1992). Even though, different justice dimensions are moderately to highly related, they contribute incremental variance explained in fairness perceptions. Some scholars (Ambrose and Schminke, 2003; Colquitt, 2001; McFarlin and Sweeney, 1992; Greenberg, 1990) attempt to distinguish empirically procedural justice and distributive justice. While procedural justice concerning with making and implementing decisions according to fair processes, distributive justice is concerned with the fair allocation of resources among diverse members of a community. Differentially, procedural and interactional justice play important roles in determining the quality of and supervisory and organizational social exchange (Ambrose and Schminke, 2003). Similarly, Husted and Folger (2004) stated that the perception of fairness is moderated by the elements of interactional justice that characterize the exchange. Fair allocation of organizational resources typically takes into account the total amount of goods to be distributed, the distributing procedure and the pattern of distribution that results (Judge *et al.*, 2001). In addition, justice information is weighted differently depending on the particular level of self-concept that is active (Johnson *et al.*, 2006).

Specifically, Olkkonen and Lipponen (2006) stated that organization-focused procedural justice and distributive justice would be positively related to organizational identification. Whereas supervisor-focused interactional justice would be positively related to work-unit identification. While interactional justice was related to trust in supervisor (Ambrose and Schminke, 2003; Aryee *et al.*, 2002), procedural justice appear to be more sensitive to individual in an organization. It is characterized by a highly formal, rigid and bureaucratic system (Ambrose and Schminke, 2003). Furthermore, Gilliland (1993) stated that distributive justice of hiring decisions is examined with respect to individual equity, equality and needs. The relative importance of different

justice criteria relates with the size of relationships among justice dimensions and the unique effects of justice dimensions on organizational outcomes.

Johnson *et al.* (2006) found that particular self-concept levels and organizational justice dimensions interact to predict various work-related outcomes. By investigating turnover intentions in public accounting firms using organizational justice, Parker *et al.* (2011) revealed that employee perceptions of distributive justice influence promotion instrumentality which in turn, influences turnover intentions. Rhoades *et al.* (2001) stated that favorable work experiences attributable to particular organization. By exploring, the dimensionality of organizational justice, Colquitt (2001), Colquitt *et al.* (2001) provides evidence that distributive, procedural, interpersonal and informational justice as distinct dimensions. Furthermore, perceived organizational support mediates the relationships between favorable work experiences (Rupp *et al.*, 2006). Gilliland (1993) demonstrated that the procedural justice has impact on employee satisfaction. Conversely, violation of the justice provide the basis for fairness reactions (Lambert *et al.*, 2007; Parker *et al.*, 2011).

There are many identified components which are discussed in the organizational justice. Parker and Kohlmeyer (2005) revealed that payments and promotions are some components of perceived fairness of decisions. Parker *et al.* (2011) stated rewards and promotions to strong employee performance is the belief instrumentality of the organization. Justice-outcome relationships were stronger for employees experiencing higher activation on the relevant self-concept level (Johnson *et al.*, 2006). Leader evaluation, rule compliance, commitment and helping behavior are some of predictive validity for the justice dimensions on important outcomes (Colquitt, 2001). Under different structural conditions, perceived organizational support and supervisory trust have impact on employee work experiences (Rupp *et al.*, 2006; Ambrose and Schminke, 2003).

Job satisfaction: Donnelly *et al.* (2003, 2011) and Paino *et al.* (2010) found the relationship of job satisfaction with organizational citizenship behavior. The study shown that attitudes toward dysfunctional audit behavior mainly are the effects of locus of control, organizational commitment and auditor's position. However, generally, equity theory reveals that the employees will be dissatisfied if rewards are not allocated equally (Moorman, 1991; Greenberg, 1990).

Dissatisfied employees with their jobs are more likely to engage in organizational deviance behavior (Darrat *et al.*, 2010). Bakhshi *et al.* (2009) explored the relationship between perceived organizational justice, job

satisfaction and organization commitment. Eventually, unequal treatments for employees will decrease the motivation of individual in an organization. Fisher (2001) by analyzing of survey data confirmed that both role conflict and role ambiguity are significantly negatively associated with auditor job performance and job satisfaction. Weiss *et al.* (1999) investigated that affective experiences and job beliefs influences simultaneously toward job attitudes. The study also reveal the importance of studying affect over time independent of job satisfaction.

Weiss (2002) argue that standard treatment of job satisfaction has inappropriately defined satisfaction merely as affect. In doing so, it has obscured the differences among overall evaluative judgments about jobs, affective experiences at work and beliefs about jobs (Weiss *et al.*, 1999; Rifai, 2005; Rhoades *et al.*, 2001). Curtis and Payne (2008) examined the contextual factors and individual characteristics affecting technology implementation decisions in auditing. Technology acceptance and budgeting reduce the impediments in the audit profession. Furthermore, the individual characteristics of the auditor (risk-aversion and perceptions of budgetary pressure) determine implementation decisions. Human motivation and action from a social cognitive perspective relates with the prominent roles which played by cognitive, vicarious, self-reflective and self-regulatory processes in psychosocial functioning (Bandura, 1997, 1986).

Self-esteem, generalized self-efficacy, locus of control and emotional stability or low neuroticism are among the best dispositional predictors of job satisfaction and job performance (Judge and Bono, 2001). Internal locus was positively associated with favorable work outcomes, such as positive task and social experiences and greater job motivation (Porter *et al.*, 1974). The three forms of commitment (affective, continuance and normative commitment) are related yet distinguishable from one another as well as from job satisfaction, job involvement and occupational commitment (Meyer *et al.*, 2002; Rifai, 2005).

Specifically, internal auditors who perceived that they possessed a better and more robust skill set and express greater trust in their companies are less likely to experience burnout (Kalbers and Fogarty, 2005). It shows that an auditor's ethical and moral reasoning explains actual underreporting behavior under conditions of work-related pressure (Ponemon and Gabhart, 1994; Ponemon, 1992; Coram *et al.*, 2008). Furthermore, individuals with an internal locus of control were not as likely to report burnout symptoms. In addition, the turnover behavior is a multistage process that includes

attitudinal, decisional and behavioral components (Lum *et al.*, 1998). Facets of job satisfaction and organizational commitment mediated the relationship between ethical work climate and turnover intentions (DeConinck, 2010; Shafer, 2009; Sweeney *et al.*, 2010). Ultimately, organizational commitment discriminated better between stayers and leavers than did the various components of job satisfaction.

Dysfunctional audit behaviour: Dysfunctional Audit Behavior (DAB) described as a behavior contributing to reduced failures of audit quality. It is associated with decreased audit (Donnelly *et al.*, 2003; Curtis and Payne, 2008). Paino *et al.* (2010) stated that difficulties of audit quality makes it particularly sensitive to the behaviour of the individuals who carry on audit work. The behaviours such as premature sign-off, gathering of insufficient evidence, quality altering or replacing audit procedures and underreporting of time have negative effects on the auditing profession (Donnelly *et al.*, 2003). Kalbers and Fogarty (2005) offered evidence that behavioral and attitudinal construct pertaining to the individual auditor directly related to the burnout condition. Parker *et al.* (2011) found that when instrumentality is low, employees with high job performance are more likely to leave the firm.

In line with previous research in many countries which has consistently shown that audit seniors engage in widespread quality threatening behaviours by Pierce and Sweeney (2006) found that detection of the behaviours is an important factor in determining the consequences for individual auditors, audit firms and the profession. However, it is not necessarily determine the consequences for the wider business community. Lord and DeZoort (2001) indicate that obedience pressure significantly increased auditor's willingness to sign-off on an account balance that was materially misstated, although, conformity pressure did not. Persistence in activities are subjectively threatening. Further, enhancement of self-efficacy and corresponding reductions in defensive behavior relatively safe produces, through experiences of mastery (Bandura, 1997).

There are many identified behaviors that directly affect audit quality including prematurely signed-off of audit steps without completion of the procedure (Shapeero *et al.*, 2003; Reckers *et al.*, 1997; Kaplan, 1995; Outley and Pierce, 1995; Azad, 1994; Rhode, 1978; Alderman and Deitrick, 1978) and the replacement of audit steps (Margheim and Pany, 1986). Several studies identified time budget pressure (Pierce and Sweeney, 2004; Kelly *et al.*, 2011; McNamara and Liyanarachchi, 2008; Azad, 1994; Margheim *et al.*, 2011; Sweeney *et al.*,

2010; Gundry and Liyanarachchi, 2007; Coram *et al.*, 2003; Braun, 2000; Otley and Pierce, 1996; Willett and Page, 1996; Collins, 1993; Almer *et al.*, 2005) and time deadline pressure (Margheim *et al.*, 2011; Kelly *et al.*, 2011; Robertson, 2007; Pierce and Sweeney, 2004; DeZoort and Lord, 1997) as significant component in explaining dysfunctional behavior. The study from Malone and Roberts (1996) focused on the auditor's personal characteristics as important factor for dysfunctional behaviour. Similarly, Donnelly *et al.* (2011) and Gundry and Liyanarachchi (2007) revealed personal characteristic and auditor's attitudes such as locus of control, organizational commitment and position as a factor toward dysfunctional audit behavior. Prior literature has identified environmental factors that contribute to dysfunctional behavior such as firm condition and management style (Otley and Pierce, 1995; Sweeney and Pierce, 2004; Goodwin, 2002). Likewise, Kelly and Margheim examined the moderating effects of the interaction between supervisor leadership style and auditor personality. While other studies linked various components toward dysfunctional behaviors, including auditor's commitment (Lord and DeZoort, 2001), counselling and stress-management training (McNamara and Liyanarachchi, 2008; Fisher, 2001; Cooper and Cartwright, 1994), irregular auditing practices (Willett and Page, 1996), filtering of time practices in internal auditing (Azad, 1994), auditor's firm quality control and review procedures and auditing firm structure (Malone and Roberts, 1996).

Research model and hypotheses: Several researchers have found satisfaction and attitude to be major antecedents of organizational justice. Employee perceptions of distributive, procedural and interactional justice have been related to a variety of important work outcomes, such as performance, citizenship behaviors and job attitudes (Cropanzano *et al.*, 2001). Herda and Lavelle (2012), Rupp and Cropanzano (2002), Tekleab *et al.* (2005), Aryee *et al.* (2002), Bettencourt and Brown (1997) underscore the important role that organizational fairness plays in engendering a social-exchange relationship between employees (auditors) and their firm. Greenberg (1990) stated that applications of justice-based explanations have many different organizational phenomena.

Organizational fairness can reduce levels of burnout and turnover intention and gives benefits both the auditor and the firm (Nadiri and Tanova, 2010). The justice relates with the governance mechanism and the transaction-cost economics of the particular firms (Husted and Folger, 2004). Justice perception have been linked to important

outcome variable such as job satisfaction. According to Parker and Kohlmeyer (2005), Pare and Tremblay (2007), Nadiri and Tanova (2010), Herda and Lavelle (2012) and Parker *et al.* (2011) stated that fairness perceptions influence turnover intentions through the intermediaries of organizational commitment and job satisfaction. Some studies found that organizational justice is positively related to job satisfaction (Williams and Andereson, 1991). Accordingly, the research is used to test the following hypotheses:

- H₁: distributive justice is related significantly positive toward job satisfaction
- H₂: procedural justice is related significantly positive toward job satisfaction
- H₃: interactional justice is related significantly positive toward job satisfaction

There is minor evidence about justice perceptions linked to the acceptance of Dysfunctional Audit Behaviour (DAB) (Burney *et al.*, 2009; Cohen *et al.*, 2007). However, discretionary actions such as organizational rewards, procedural justice and supervisor support contribute on employee attitudes and behaviors (Rupp *et al.*, 2006; Tekleab *et al.*, 2005). Consideration of the equity theory, individual in an organization have interpersonal determinants of procedural justice judgments (Greenberg, 1990). Instead, interpersonal trust would be positively associated with subordinate extra-role or organizational citizenship behaviors (Deluga, 1995; Burney *et al.*, 2009). Hence, managers should care about the effects of aggregate justice on organizational outcomes (Simons and Roberson, 2003). Organizational justice have differential antecedents and consequences of organizational identification and work-unit identification (Olkkonen and Lipponen, 2006).

Interaction of procedural, distributive and interactional justice have influence to the relationship of fairness reactions to individual and organizational outcomes (Gilliland (1993). Interaction of procedural, distributive and interactional justice have influence to the relationship of fairness reactions to individual and organizational outcomes (Gilliland, 1993). Likewise, Grizzle (2002) explained that organizational procedures negatively related with non ethical behavior and unaccountable action from individual:

- H₄: distributive justice is related significantly negative toward acceptance of DAB
- H₅: procedural justice is related significantly negative toward acceptance of DAB
- H₆: interactional justice is related significantly negative toward acceptance of DAB

Pierce and Sweeney (2006) found that detection of the behaviours as an important factor in determining the consequences for individual auditors, audit firms and the profession. In this view, the effectiveness of personnel controls have serious consequences for ethical climate improvement both for auditors and the firm. Hence, ethical climate become another component toward organizational-professional conflict and organizational commitment in explaining auditors behaviours (Shafer, 2009, 2008; DeZoort and Lord, 1997). Hence, individual auditor characteristics play a role in identifying those who are more accepting of DAB. Zoghbi and Espino explained that behavioral improvements in the organization's members can be achieved by organization knowledge integration and learning. Since the behavior of auditors in the context of their employment by public accounting firms contribute as well as related influences to public accounting firm outcomes (Almer *et al.*, 2005). It is indicated that auditor's acceptance of DAB tend to possess an external locus of control, report lower levels of self-rated performance and exhibit higher turnover intentions (Donnelly *et al.*, 2003). Deluga (1995) stated that the subordinate extra-role or organizational citizenship behaviors included altruism, courtesy, conscientiousness, sportsmanship and civic virtue. Saari and Judge (2004) presented the most focal of employee attitude can affect positively or negatively toward job satisfaction. Judge, Thoresen found the correlation between overall job satisfaction and job performance:

- H₇: job satisfaction is related significantly negative toward acceptance of DAB

Finally, this study briefly examined the impact of differently administered of organizational justice on job satisfaction and DAB. Since, there is little evidence of the relationship of organizational justice and accepting of DAB. Further generally, we presumed the research model which links direct effect of organizational justice on job satisfaction and indirect effect of organizational justice on accepting of DAB (Fig. 1).

Partially, then we presumed and linked direct influence of organizational justicdimensions (distributive, procedural and interactional justice) on job satisfaction and acceptance of DAB. In this step, job satisfaction is assumed has a direct effect on acceptance of DAB. Moreover, organizational justice dimensions are linked directly through job satisfaction and indirectly on acceptance of DAB (Fig. 2).

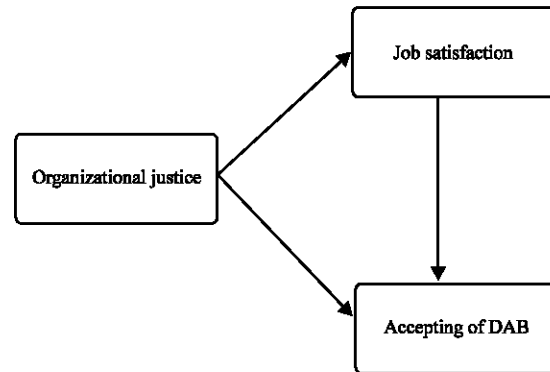


Fig. 1: The general research model

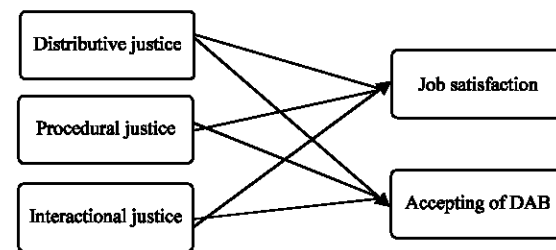


Fig. 2: The partial research model

MATERIALS AND METHODS

This study explores and tests a theoretical model to identify factors contributing to Dysfunctional Audit Behavior. Organizational justice (e.g., distributive justice, procedural justice and interactional justice) and job satisfaction as intervening variable were examined as antecedents of attitude. Using a cross organizational design, the sample taken from a survey from 262 auditors in public accounting firms in Jakarta, Indonesia.

Three major variables (organizational justice, job satisfaction, acceptance of DAB) were examined as research hypotheses. Organizational justice and job satisfaction as intervening variable were examined as antecedents of attitude. The literature of each factor of organizational justice (i.e., distributive justice, procedural justice and interactional justice) developed from such measurement from Tang *et al.* (1996). Job satisfaction factors was measured using job satisfaction scale developed by Kalbers and Cenker (2007). Acceptance of DAB was measured using accepting of DAB scale developed by Donnelly *et al.* (2003). The variable questions constituting each factor measurement with seven-point Likert scale (1 = strongly disagree; 7 = strongly agree) was used for each variable question. A structural equation model using AMOS was applied to the research model.

RESULTS AND DISCUSSION

Sample profile: Sample for the present study consist of 262 employees (auditor and manager) working in public accounting firms in Jakarta, Indonesia. The response rate was 66.84% (262 out of 392 possible respondents). The gender composition of the sample was 66.8% male (N = 175) and 33.2% female (N = 87). The job position composition of the sample was 26.7% yunior auditor (N = 70), 57.6% senior auditor (N = 151) and 15.6% manager (N = 41). Table 1 shows the personal characteristic of responden in this study. In term gender structure, most of the respondent were male (66.8%). A large number of respondent had a bachelor degree (87.4%). Most of the respondents served as senior auditor (57.6%). Respondents who had work 2-4 years (37%) were the majority group (Table 1).

The assesment goodness of fit: Construct measures and data collection structural equation modeling also provides several goodness-of-fit measures that can be used to assess overall model fit. Table 2 shows the assesment of goodness of fit by comparison the results with score of cut of value. The results of assesment shows that there was no difference, all of items were good.

Table 3 shows the association and impact of independent variables (distributive, procedural and interactional justice) on dependent variable (job satisfaction and accepting of DAB) (Fig. 3).

Tests of hypotheses

Hypothesis 1: The predicts that there is a significantly positive relationship between distributive justice and job satisfaction. The corresponding path coefficient is 0.58 and is significant at the p-value = -0.000 level. It means that distributive justice item dimensions have a significant positive relationship with job satisfaction was supported. Thus, consistent with H₁, job satisfaction can be indicated by higher distributive justice exhibited by auditors.

Hypothesis 2: The predicts perceptions of procedural justice is positively related to job satisfaction. The job satisfaction. The corresponding path coefficient is 0.09, and its significancy level (0.38) below the critical value 0.05. This result confirms that auditors who have higher perceptions of procedural justice towards their organization tend to have higher job satisfaction.

Hypothesis 3: The predicts perceptions of interactional justice is positively related to job satisfaction. Structural equation modeling testing shows the path coefficient for this theoretical link is 0.10 and is significant at p = -0.027.

Table 1: Personal characteristic of respondents

Descriptions	Amount	Percentage
Gender		
Male	175	66.8
Female	87	33.2
Total	262	100.0
Education		
S ₁	229	87.4
S ₂	33	12.6
Total	262	100.0
Position		
Junior	70	26.7
Senior	151	57.6
Manager	41	15.6
Total	262	100.0
Job experience (years)		
<2	79	30.2
2-4	97	37.0
4-6	42	16.0
>6	44	16.8
Total	262	100.0

Table 2: The assesment goodness of fit on research model

Goodness of fit indeks	Cut off value	Results	Assesment
χ^2 (df = 454)	<504.675	500.675	Good
Probability	≥ 0.05	0.063	Good
CMIN/df	≤ 2.00	1.103	Good
GFI	≥ 0.90	0.947	Good
AGFI	≥ 0.90	0.922	Good
TLI	≥ 0.95	0.961	Good
CFI	≥ 0.95	0.968	Good

Table 3: The impact of independent variable on dependent variabel

Parameters	Std estimate	Estimate	SE	CR	p-values
JS<---DJ	0.581	0.595	0.099	60.010	***
JS<---PJ	0.090	0.089	0.069	20.289	0.038
JS<---IJ	0.101	0.116	0.076	20.524	0.027
DAB<---DJ	-0.118	-0.107	0.085	-20.258	0.041
DAB<---PJ	-0.165	-0.145	0.062	-20.354	0.019
DAB<---IJ	-0.555	-0.566	0.100	-50.670	***
DAB<---JS	-0.316	-0.281	0.092	-30.065	0.002

According to the test results, H₃ is fully supported. It confirms that employees possessing higher interactional justice also exhibit higher job satisfaction.

Hypothesis 4: The predicts that distributive justice would be negatively related to accepting of DAB. The path coefficient for this relationship is -0.12. The level of significant at p = 0.041 explains significant variance of distributive justice toward the accepting of DAB. This finding confirms that distributive justice predict the accepting of DAB, supporting to accept hypothesis 4.

Hypothesis 5: The predicts perceptions of procedural justice is negatively related to acceptance of DAB. The analysis shows that model is significant at p = 0.05 and corresponding path is -0.17. This finding confirms that procedural justice related negatively to the accepting of DAB, supporting to accept hypothesis 4.

Hypothesis 6: The predicts employee's perceptions of interactional justice is negatively related to the

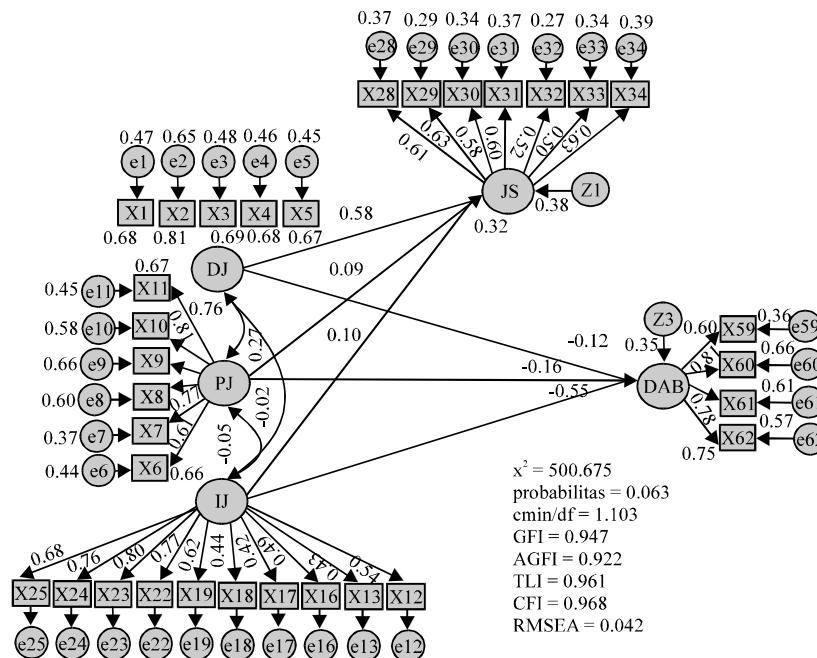


Fig. 3: The parameter description of IJ, DJ, PJ, DAB

acceptance of DAB. The path coefficient for this theoretical link is -0.56 and is significant at $p = -0.000$. Thus, consistent with H_6 , employees possessing higher interactional justice affect negatively on the acceptance of reduce quality of behaviour.

Hypothesis 7: The predicts that job satisfaction would fully mediate the relationship between organizational justice and the accepting of DAB. The path coefficient for this link is -0.32 and is significant at $p = -0.002$. The hypothesis that job satisfaction has a significant positive correlation with the acceptance of DAB has been fully supported. Consistent with H_7 , auditors who exhibit job satisfaction are less likely to disclose an acceptance of dysfunctional behavior. However, respecting to the its function as moderating variable, job satisfaction path coefficient is higher for moderating the relationship between distributive justice and procedural justice. Hence, the hypothesis that the job satisfaction has a moderating function on the relationship of organizational justice on the acceptance of DAB has not been fully supported.

The major findings of this study are significantly positive relationships between all of organizational justice dimensions toward job satisfaction. Similarly, there is a significantly negative relationship between job satisfaction and the acceptance of DAB. Unless, the moderating function of job satisfaction supported

partially. Since, among three dimensions of organizational justice, interactional justice has higher path coefficient to the DAB, rather than job satisfaction to the variable. The research findings provide a basis for the further study of this important topic along both theoretical and empirical dimensions.

The theoretical model developed and tested in this study contributes to our understanding of organizational justice and job satisfaction and the influence to the acceptance of DAB and ultimately, reduce audit quality. This model predicts that organizational justice, higher job satisfaction negatively related to the acceptance of DAB. The results also confirm these expectations and have several implications for audit firms and for the auditing profession. This study identifies interactional justice as an important influence on DAB that has greatest influence on the accepting of DAB. The result show that interactional justice deals with how one person treats another. This finding confirms with previous empirical evidences that demonstrates interactional justice with its two components (informational and interpersonal justice) as a key concern for people in organizations (Bies, 2005).

More specifically, Cropanzan *et al.* (2002) stated that interactional justice generally refers to the exchange between the individual and his or her supervisor. It should be more closely associated with reactions toward one's supervisor and job performance. This is in line with others tudies (Husted and Folger, 2004; Ambrose and

Schminke, 2003; Aryee *et al.*, 2002) that stated interactional justice was related to trust in supervisor and organizational social exchange.

CONCLUSION

Since, equality is regarded as the ultimate criterion determining who gets what goods will be distributed equally among all persons. The unfairness distribution violates principles of equality, equity and need and therefore generates conflict. Organization in which resources are distributed unfairly can become quite prone to engage in widespread quality threatening behaviours. Redistribution of benefits can sometimes help to relieve tensions and allow for a more stable organization. Hence, interactional justice plays an important role in mitigating in the organizational injustice conditions in the areas of distributional and procedural justice. Managers can simply treat their employees with dignity and provide adequate information. Knowledge about auditor's perceptions of interactional justice could be useful in mitigating audit quality reduction behaviors. Additional research is needed to identify additional ways to increase the interactional justice of auditors after they are hired. The organizational theory and behavior literature on organizational justice will likely be a helpful guide for this research.

SUGGESTIONS

The results also suggest job satisfaction can play a significant role in auditor behavior. The finding indicates that higher job satisfaction is associated with negative acceptance of DAB. Importantly, audit firm managements have to emphasize the higher priority to higher quality professional auditors by giving fair performance evaluations, compensation, promotion. This finding in line with Bakhshi *et al.* (2009) that stated unequal treatments for employees will decrease the motivation of individual in an organization, since it has relationship with perceived organizational justice, job satisfaction and organization commitment. Likewise, Darrat *et al.* (2010) revealed that dissatisfied employees with their jobs are more likely to engage in organizational deviance behaviors.

IMPLICATIONS

When assessing the implication of this study, it is necessary to understand that the findings are subject to a number of future research. This study measures attitudes toward non actual occurrence of dysfunctional behavior. The underlying degree of correlation in this

study between attitudes and actual behavior is still unknown. Furthermore, this study focused only on the auditing environment.

Finally, future research is needed to determine whether the variables examined in this study also lead to dysfunctional behaviors in other accounting settings.

ACKNOWLEDGEMENTS

The researcher is grateful for the very helpful comments provided with all examiners of my dissertation. Furthermore, I also would like to express my sincere thanks to all participants of with research colloquia held at with Diponegoro University and with Atmajaya University of with Jakarta. I am especially indebted to with Sulistiyono S. Susilo for developing and refining this manuscript with and two anonymous reviewers for their constructive suggestions. Additionally, I wish to thank with notably to Prasetyantoko, PhD and his institution, Atmajaya University of Jakarta for providing financial support for with my study. Any mistakes or omissions are my responsibility with.

REFERENCES

- Alderman, C.W. and J.W. Deitrick, 1982. Auditors perceptions of time budget pressures and premature sign-offs: A replication and extension. *Auditing J. Pract. Theory*, 1: 54-68.
- Almer, E.D., J.L. Higgs and K.L. Hooks, 2005. A theoretical framework of the relationship between public accounting firms and their auditors. *Behav. Res. Accounting*, 17: 1-22.
- Ambrose, M.L. and M. Schminke, 2003. Organization structure as a moderator of the relationship between procedural justice, interactional justice, perceived organizational support and supervisory trust. *J. Appl. Psychol.*, 88: 295-305.
- Ang, S., L. van Dyne and T.M. Begley, 2003. The employment relationships of foreign workers versus local employees: A field study of organizational justice, job satisfaction, performance and OCB. *J. Org. Behav.*, 24: 561-583.
- Aryee, S., P.S. Budhwar and Z.X. Chen, 2002. Trust as a mediator of the relationship between organizational justice and work outcomes: Test of a social exchange model. *J. Org. Behav.*, 23: 267-285.
- Azad, A.N., 1994. Time budget pressure and filtering of time practices in internal auditing: A survey. *Managerial Auditing J.*, 9: 17-25.

- Bakhshi, A., K. Kumar and E. Rani, 2009. Organizational justice perceptions as predictor of job satisfaction and organization commitment. *Intl. J. Bus. Manage.*, 4: 145-154.
- Bandura, A., 1977. Self-efficacy: Toward a unifying theory of behavioral change. *Psychol. Rev.*, 84: 191-215.
- Bandura, A., 1986. *Social Foundations of Thought and Action: A Social Cognitive Theory*. Prentice Hall, Englewood Cliffs, NJ., USA., ISBN-13: 978-0138156145, Pages: 617.
- Bettencourt, L.A. and S.W. Brown, 1997. Contact employees: Relationships among workplace fairness, job satisfaction and prosocial service behaviors. *J. Retail.*, 73: 39-61.
- Bies, R.J., 2005. Are Procedural Justice and Interactional Justice Conceptually Distinct?. In: *Handbook of Organizational Justice*, Jerald, G. and C.A. Jason (Eds.). Lawrence Erlbaum Associates Publishers, Mahwah, New Jersey, USA., pp: 85-112.
- Braun, R.L., 2000. The effect of time pressure on auditor attention to qualitative aspects of misstatements indicative of potential fraudulent financial reporting. *Accounting Organiz. Soc.*, 25: 243-259.
- Burney, L.L., C.A. Henle and S.K. Widener, 2009. A path model examining the relations among strategic performance measurement system characteristics, organizational justice and extra-and in-role performance. *Accounting, Organ. Soc.*, 34: 305-321.
- Cohen, J.R., H.L. Webb, D.J. Sharp and L.W. Pant, 2007. The effects of perceived fairness on opportunistic behavior. *Contemp. Accounting Res.*, 24: 1119-1138.
- Collins, K.M., 1993. Stress and departures from the public accounting profession: A study of gender differences. *Accounting Horiz.*, 7: 29-29.
- Colquitt, J.A., 2001. On the dimensionality of organizational justice: A construct validation of a measure. *J. Applied Psychol.*, 86: 386-400.
- Colquitt, J.A., D.E. Conlon, M.J. Wesson, C.O. Porter and K.Y. Ng, 2001. Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *J. Applied Psychol.*, 86: 425-445.
- Cooper, C.L. and S. Cartwright, 1994. Stress-management interventions in the workplace: Stress counselling and stress audits. *Br. J. Guidance Counselling*, 22: 65-73.
- Coram, P., A. Glavovic, J. Ng and D.R. Woodliff, 2008. The moral intensity of reduced audit quality acts. *Auditing J. Pract. Theory*, 27: 127-149.
- Coram, P., J. Ng and D. Woodliff, 2003. A survey of time budget pressure and reduced audit quality among Australian auditors. *Aust. Accounting Rev.*, 13: 38-44.
- Cropanzano, R., C.A. Prehar and P.Y. Chen, 2002. Using social exchange theory to distinguish procedural from interactional justice. *Group Organiz. Manage.*, 27: 324-351.
- Cropanzano, R., Z.S. Byrne, D.R. Bobocel and D.E. Rupp, 2001. Moral virtues, fairness heuristics, social entities and other denizens of organizational justice. *J. Vocational Behav.*, 58: 164-209.
- Curtis, M.B. and E.A. Payne, 2008. An examination of contextual factors and individual characteristics affecting technology implementation decisions in auditing. *Intl. J. Accounting Inf. Syst.*, 9: 104-121.
- Darrat, M., D. Amyx and R. Bennett, 2010. An investigation into the effects of work-family conflict and job satisfaction on salesperson deviance. *J. Pers. Selling Sales Manage.*, 30: 239-251.
- DeConinck, J.B., 2010. The influence of ethical climate on marketing employees job attitudes and behaviors. *J. Bus. Res.*, 63: 384-391.
- DeZoort, F.T. and A.T. Lord, 1997. A review and synthesis of pressure effects research in accounting. *J. Accounting Lit.*, 16: 28-85.
- Deluga, R.J., 1995. The relation between trust in the supervisor and subordinate organizational citizenship behavior. *Military Psychol.*, 7: 1-16.
- Donnelly, D.P., J.J. Quirin and D. O'Bryan, 2003. Auditor acceptance of dysfunctional audit behavior: An explanatory model using auditors personal characteristics. *Behav. Res. Accounting*, 15: 87-110.
- Donnelly, D.P., J.J. Quirin and D. O'Bryan, 2011. Attitudes toward dysfunctional audit behavior: The effects of locus of control, organizational commitment and position. *J. Appl. Bus. Res.*, 19: 95-108.
- Fisher, R.T., 2001. Role stress, the type a behavior pattern and external auditor job satisfaction and performance. *Behav. Res. Accounting*, 13: 143-170.
- Gilliland, S.W., 1993. The perceived fairness of selection systems: An organizational justice perspective. *Acad. Manage. Rev.*, 18: 694-734.
- Goodwin, J., 2002. Auditors conflict management styles: An exploratory study. *Abacus*, 38: 378-405.
- Greenberg, J., 1990. Organizational justice: Yesterday, today and tomorrow. *J. Manage.*, 16: 399-432.
- Grizzle, G.A., 2002. Performance measurement and dysfunction: The dark side of quantifying work. *Public Perform. Manage. Rev.*, 25: 363-369.
- Gundry, L.C. and G.A. Liyanarachchi, 2007. Time budget pressure, auditors personality type and the incidence of reduced audit quality practices. *Pac. Accounting Rev.*, 19: 125-152.
- Herda, D.N. and J.J. Lavelle, 2012. The auditor-audit firm relationship and its effect on burnout and turnover intention. *Accounting Horiz.*, 26: 707-723.

- Husted, B.W. and R. Folger, 2004. Fairness and transaction costs: The contribution of organizational justice theory to an integrative model of economic organization. *Organ. Sci.*, 15: 719-729.
- Johnson, R.E., C. Selenta and R.G. Lord, 2006. When organizational justice and the self-concept meet: Consequences for the organization and its members. *Org. Behav. Human Decision Processes*, 99: 175-201.
- Judge, T.A. and J.E. Bono, 2001. Relationship of core Self-evaluations traits-self-esteem, generalized Self-efficacy, locus of control and emotional stability-with job satisfaction and job performance: A meta-analysis. *J. Applied Psychol.*, 86: 80-92.
- Judge, T.A., C.J. Thoresen, J.E. Bono and G.K. Patton, 2001. The job satisfaction-job performance relationship: A qualitative and quantitative review. *Psychol. Bull.*, 127: 376-407.
- Kalbers, L.P. and T.J. Fogarty, 2005. Antecedents to internal auditor burnout. *J. Managerial Issues*, 17: 101-118.
- Kalbers, L.P. and W.J. Cenker, 2007. Organizational commitment and auditors in public accounting. *Managerial Auditing J.*, 22: 354-357.
- Kaplan, S.E., 1995. An examination of auditors reporting intentions upon discovery of procedures prematurely signed-off. *Auditing*, 14: 90-90.
- Kelly, T., L. Margheim and D. Pattison, 2011. Survey on the differential effects of time deadline pressure versus time budget pressure on auditor behavior. *J. Appl. Bus. Res.*, 15: 117-128.
- Lam, S.S., J. Schaubroeck and S. Aryee, 2002. Relationship between organizational justice and employee work outcomes: A cross national study. *J. Organiza. Behav.*, 23: 1-18.
- Lambert, E.G., N.L. Hogan and M.L. Griffin, 2007. The impact of distributive and procedural justice on correctional staff job stress, job satisfaction and organizational commitment. *J. Criminal Justice*, 35: 644-656.
- Lord, A.T. and F.T. DeZoort, 2001. The impact of commitment and moral reasoning on auditors responses to social influence pressure. *Accounting Organizations Soc.*, 26: 215-235.
- Lum, L., J. Kervin, C. Clark, F. Reid and W. Sirola, 1998. Explaining nursing turnover intent: Job satisfaction, pay satisfaction, or organizational commitment? *J. Organiz. Behav.*, 19: 305-320.
- Malone, C.F. and R.W. Roberts, 1996. Factors associated with the incidence of reduced audit quality behaviors. *Auditing*, 15: 49-49.
- Margheim, L. and K. Pany, 1986. Quality-control, premature signoff and underreporting of time-some empirical-findings. *Auditing J. Pract. Theory*, 5: 50-63.
- Margheim, L., T. Kelley and D. Pattison, 2011. An empirical analysis of the effects of auditor time budget pressure and time deadline pressure. *J. Appl. Bus. Res.*, 21: 23-36.
- McFarlin, D.B. and P.D. Sweeney, 1992. Distributive and procedural justice as predictors of satisfaction with personal and organizational outcomes. *Acad. Manage. J.*, 35: 626-637.
- McNamara, S.M. and G.A. Liyanarachchi, 2008. Time budget pressure and auditor dysfunctional behaviour within an occupational stress model. *Accountancy Bus. Public Interest*, 7: 1-43.
- Meyer, J.P., D.J. Stanley, L. Herscovitch and L. Topolnytsky, 2002. Affective, continuance and normative commitment to the organization: A meta-analysis of antecedents, correlates and consequences. *J. Vocat. Behav.*, 61: 20-52.
- Moorman, H.R., P.B. Niehoff and D.W. Organ, 1993. Treating employees fairly and organizational citizenship behavior: Sorting the effects of job satisfaction, organizational commitment and procedural justice. *Employee Responsibility Right J.*, 6: 209-225.
- Moorman, R.H., 1991. Relationship between organizational justice and organizational citizenship behaviors: Do fairness perceptions influence employee citizenship? *J. Applied Psychol.*, 76: 845-855.
- Nadiri, H. and C. Tanova, 2010. An investigation of the role of justice in turnover intentions, job satisfaction and organizational citizenship behavior in hospitality industry. *Int. J. Hospitality Manage.*, 29: 33-41.
- Olkkonen, M.E. and J. Lipponen, 2006. Relationships between organizational justice, identification with organization and work unit and group-related outcomes. *Organizational Behav. Hum. Decis. Processes*, 100: 202-215.
- Otley, D.T. and B.J. Pierce, 1995. The control problem in public accounting firms: An empirical study of the impact of leadership style. *Accounting Organizations Soc.*, 20: 405-420.
- Otley, D.T. and B.J. Pierce, 1996. Auditor time budget pressure: Consequences and antecedents. *Accounting Auditing Accountability J.*, 9: 31-58.
- Paino, H., Z. Ismail and M. Smith, 2010. Dysfunctional audit behaviour: An exploratory study in Malaysia. *Asian Rev. Accounting*, 18: 162-173.
- Pare, G. and M. Tremblay, 2007. The influence of high-involvement human resources practices, procedural justice, organizational commitment and citizenship behaviors on information technology professional's turnover intentions. *Group Organiza. Manage.*, 32: 326-357.

- Parker, P.J. and J.M. Kohlmeyer, 2005. Organizational justice and turnover in public accounting firms: A research note. *Account. Organiz. Society*, 30: 357-369.
- Parker, R.J., H. Nouri and A.F. Hayes, 2011. Distributive justice, promotion instrumentality and turnover intentions in public accounting firms. *Behav. Res. Accounting*, 23: 169-186.
- Pierce, B. and B. Sweeney, 2004. Cost-quality conflict in audit firms: An empirical investigation. *Eur. Accounting Rev.*, 13: 415-441.
- Pierce, B. and B. Sweeney, 2006. Perceived adverse consequences of quality threatening behaviour in audit firms. *Intl. J. Auditing*, 10: 19-39.
- Ponemon, L.A. and D.R. Gabhart, 1994. Ethical Reasoning Research in the Accounting and Auditing Professions. In: *Moral Development in the Professions: Psychology and Applied Ethics*, Rest, J.R. and D. Narvez (Eds.). Lawrence Erlbaum Associates, Hillsdale, New Jersey, USA., ISBN:0-8058-1539-2, pp: 101-119.
- Ponemon, L.A., 1992. Auditor underreporting of time and moral reasoning: An experimental lab study. *Contemp. Accounting Res.*, 9: 171-189.
- Porter, L.W., R.M. Steers, R.T. Mowday and P.V. Boulian, 1974. Organizational commitment, job satisfaction and turnover among psychiatric technicians. *J. Applied Psychol.*, 59: 603-609.
- Reckers, P.M., S.W. Wheeler and W.O.B. Wing, 1997. A comparative examination of auditor premature sign-offs using the direct and the randomized response methods. *Auditing*, 16: 69-78.
- Rhoades, L., R. Eisenberger and S. Armeli, 2001. Affective commitment to the organization: The contribution of perceived organizational support. *J. Applied Psychol.*, 86: 825-836.
- Rhode, J.G., 1978. Survey of the influence of selected aspects of the auditor's work environment on professional performance in certified public accountants in the commission on auditors responsibilities report of tentative conclusions. AICPA-The American Institute of CPAs, New York, USA.
- Rifai, H.A., 2005. A test of the relationships among perceptions of justice, job satisfaction, affective commitment and organizational citizenship behavior. *Gadjah Mada Intl. J. Bus.*, 7: 131-154.
- Robertson, J.C., 2007. Staff auditor reporting decisions under time deadline pressure. *Managerial Auditing J.*, 22: 340-353.
- Rupp, D.E. and R. Cropanzano, 2002. The mediating effects of social exchange relationships in predicting workplace outcomes from multifoci. *Org. Behav. Hum. Dec. Proc.*, 89: 925-946.
- Rupp, D.E., J. Ganapathi, R.V. Aguilera and C.A. Williams, 2006. Employee reactions to corporate social responsibility: An organizational justice framework. *J. Organiz. Behav.*, 27: 537-543.
- Saari, L.M. and T.A. Judge, 2004. Employee attitudes and job satisfaction. *Hum. Resour. Manage.*, 43: 395-407.
- Schappe, S.P., 1998. The influence of job satisfaction, organizational commitment and fairness perceptions on organizational citizenship behavior. *J. Psychol. Interdiscip. Applied*, 132: 277-290.
- Shafer, W.E., 2008. Ethical climate in Chinese CPA firms. *Accounting Organizations Soc.*, 33: 825-835.
- Shafer, W.E., 2009. Ethical climate, organizational-professional conflict and organizational commitment: A study of Chinese auditors. *Account. Auditing Accountability J.*, 22: 1087-1110.
- Shapeero, M., C.H. Koh and L.N. Killough, 2003. Underreporting and premature sign-off in public accounting. *Managerial Auditing J.*, 18: 478-489.
- Simons, T. and Q. Roberson, 2003. Why managers should care about fairness: The effects of aggregate justice perceptions on organizational outcomes. *J. Appl. Psychol.*, 88: 432-443.
- Sweeney, B., D. Arnold and B. Pierce, 2010. The impact of perceived ethical culture of the firm and demographic variables on auditors ethical evaluation and intention to act decisions. *J. Bus. Ethics*, 93: 531-551.
- Tang, L.P., S. Baldwin and J. Linda, 1996. Distributive and procedural justice as related to satisfaction and commitment. *Adv. Manage. J.*, 61: 25-31.
- Tekleab, A.G., R. Takeuchi and M.S. Taylor, 2005. Extending the chain of relationships among organizational justice, social exchange and employee reactions: The role of contract violations. *Acad. Manage. J.*, 48: 146-157.
- Weiss, H.M., 2002. Deconstructing job satisfaction: Separating evaluations, beliefs and affective experience. *Human Resour. Manage. Rev.*, 12: 173-194.
- Weiss, H.M., J.P. Nicholas and C.S. Daus, 1999. An examination of the joint effects of affective experiences and job beliefs on job satisfaction and variations in affective experiences over time. *Organizational Behav. Hum. Decis. Processes*, 78: 1-24.
- Willett, C. and M. Page, 1996. A survey of time budget pressure and irregular auditing practices among newly qualified UK chartered accountants. *Br. Accounting Rev.*, 28: 101-120.
- Williams, L.J. and S.E. Anderson, 1991. Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. *J. Manage.*, 17: 601-617.