

ORGANIZATIONAL CULTURE AS A MODERATOR AMONG THE EFFECTS OF AUDIT EXPERIENCES, PROFESSIONAL COMMITMENT AND ETHICAL ORIENTATION ON ETHICAL DECISION MAKING IN INSPECTORATE OFFICES IN NORTH SULAWESI

*Mudassir**

Abstract: Regional Supervisory Agency (BAWASDA) or recently more popular referred as the Provincial/ District/ City Inspectorate (henceforth shorten as the Inspectorate) is a monitoring agency within regional government, the role becomes highly important as the policies of regional autonomy and decentralization put the districts and cities as the leading organizer of the development. This research evaluated the effects of ethical pressure, represented by five ethical scenarios in the field of supervisory duties in ethical decision making made by the auditors of APIP in relation to those five ethical scenarios. The approach used in the research was quantitative. The research used explanatory research design by applying a survey method, and was conducted in Inspectorate office in North Sulawesi. The population in this research was the entire APIP auditors possessing auditor functional position and auditors working in the Inspectorate office which had implemented the auditor functional position (JFA) in North Sulawesi, as many as 95 people. Based on the research results above, it can be concluded that organizational culture moderates the influence among the audit experiences, professional commitment, and ethical orientation in ethical decision making. The recommendations of this research are as the following: Firstly, the presence of a strong effect of audit experiences and professional commitment that directly affect the ethical decision making of APIP auditors may be a concern and consideration for inspectorate leaders in North Sulawesi. Secondly, the inspectorate leaders in North Sulawesi also need to adapt suitable organizational culture.

Keywords: APIP auditors, Ethical Decision Making, Organizational Culture

1. INTRODUCTION

Regional Supervisory Agency (BAWASDA) or recently more popular referred as the Provincial/ District/ City Inspectorate (henceforth shorten as the Inspectorate) is a monitoring agency within regional government, whether in the provincial, district, or city level which can be a cutting edge in improving accountability and transparency in financial management in the region. However, the role is yet to be seen to date. The role becomes highly important as the policies of regional autonomy and decentralization put the districts and cities as the leading organizer of the development.

* STAIN Manado-Indonesia, E-mail: mudassir.stain.14@gmail.com

Meanwhile, the objective of the research is to examine the effect of situational factors (organizational culture) in the ethical decision making of APIP auditors. In particular, this research evaluated the effects of ethical pressure, represented by five ethical scenarios in the field of supervisory duties in ethical decision making made by the auditors of APIP in relation to those five ethical scenarios. In each ethical scenario, the participants were asked to choose one of five alternative responses. Those five alternative responds would show the participants' answers, whether they responded in a very unethical manner, unethical, neutral, act ethically, and acted very ethically on the existing ethical scenarios.

One of the intellectual skills required and should be possessed by the auditors of APIP is the abilities to identify ethical issues and apply a value-based reasoning system by the virtue of the existing ethical issues. Unfortunately, previous researches on moral reasoning abilities of the auditors appointed conflicting results.

Previous research results related to the ethical behavior of the auditors highly need special attention. The auditors in the future will play an important role in the repair or renew public confidence in the accounting professions. Therefore, the research in this field is highly required to find an empirical model in determining improvement methods to recondition the public trust.

The relationship between individual factors (audit experience, professional commitment and ethical orientation) and situational factors (organizational culture) in ethical decision making model is an interesting concern for some researchers, as a result from inconsistency of one research to another. In order to reconcile the conditions, the researchers used a contingency approach which systematically evaluates various conditions or variables that can affect the relationship between individual factors and situational factors (person-situation interactionist model) in explaining the ethical decision making model.

Research on the effect of audit experience, professional commitment and ethical orientation in ethical decision making in auditors of APIP (government internal supervisory apparatus) developed for this dissertation according to the researcher's knowledge is conducted in a small quantity by previous researchers. The assertion concerning the originality of this dissertation can be stated as follows: (1) the development of an empirical model, and (2) the development of measurement method of research variables.

The development of empirical model is conducted by producing a new variable in the model of ethical decision making, i.e. the organizational culture serving as a moderating variable. The moderation of organizational culture and audit experience is expected to play a role in ethical decision making. The moderation of organizational culture and professional commitment is also expected to play a role in ethical decision making. Meanwhile, the moderation of organizational culture and ethical orientation is expected to play a role in ethical decision making.

The development of an empirical model is based on the argument that generally, researches on ethical decision making is always only connected with the problems of moral character (ethics) of the individuals only. It is frequently inappropriate in explaining how the real ethical decision making process of the auditors in an organization. There are also people who believe that individuals have far more important role, exceeding the role that can be played by an organization. Meanwhile, other parties have the opposite view. The dichotomy between the role of individual characteristics and the organization continues to promote the determinants in the auditors' ethical decision making.

The research result is expected to provide contribution theoretically, practically and particularly. Theoretically, the research result is expected to enrich the literature of cognitive moral development theory of Kohlberg (1969) which suggests that the moral reasoning is a basis of ethical behavior and literature theory of Trevino (1986) which states that ethical decision making is an interaction between individual factors and situational factors (person-situation interactionist model). The research result is expected to add the empirical evidence and confirmation on the consistency of previous research results that audit experiences, professional commitment, ethical orientation, and organizational culture affect the ethical decision making of the auditors of APIP.

2. RESEARCH MODEL

2.1. Basic Theories

Governmental internal supervision is an important management function in the governmental implementation. Through internal supervisory, whether a governmental agency has conducted activities according to their duties and functions effectively and efficiently, and in accordance with the established planning and policies can be determined. Internal supervisory is also required to promote the establishment of good governance and clean government and to support the effective, efficient, transparent, accountable and clean and corruption, collusion, and nepotism-free governmental implementation.

Internal supervisory in the Provincial Government/ District/ City environment is carried out by Provincial/ District/ City Government Inspectorate for the purpose of the Governor/ Regent/ Mayor in carrying out the supervisory on the performance of the existing organizational unit within the government. On the implementation of the intern supervisory, the main activities of the internal supervisory apparatus include audit, review, monitoring, evaluation, and other supervisory activities, such as socialization, assistance and consultancy.

The research on ethical decision making has been carried out with various approaches, ranging from social and economics psychology. Based on the various

researches, paradigm accounting science is later developed. Louwers et al (1997) state the importance of research on ethical decision making from the moral reasoning and development for the accounting profession with 3 reasons, **Firstly**, the research on this topic can be used to understand the level of awareness and moral development of auditors and it will enrich the understanding of the behavior of auditors in facing ethical conflicts. **Secondly**, the research in this area will further explain the problematic process that occurs in facing ethical decision making by different auditors in ethical dilemma situation. **Thirdly**, the research results will bring and become the direction in ethical themes and their impact on the accounting professions.

Trevino (1986) develops a model of ethical decision making by stating that ethical decision making is an interaction between individual factors and situational factors (person-situation interactionist model). He stated that one's ethical decision making will highly depend on individual factors (individual moderators), such as ego strength, field dependence, and locus of control and situational factors, such as immediate job context, organizational culture, and characteristics of the work.

Organizational culture is essentially a system and values which are general in nature. Meanwhile, the personal values begin to be developed at the beginning of lives, such as trust in general, structured in a hierarchical system with characteristics that can be described and measured as well as the consequences of the observable behavior (Douglas *et al.*, 2001).

Organizational culture on the inspectorate is built for the objective of creating APIP auditors' professionalism with the expectation to give the highest performance. The apparent organizational culture in the inspectorate is a playing rule that can inculcate the creativity of APIP auditors. In addition, it also provides direction of duties and responsibilities, confidence as well as of the auditor's independency, thus the ethical decisions made will be better and optimal.

Audit experience is the auditors' experience in auditing financial statements, both in terms of time length and the quantity of assignments handled. Libby and Frederick (1990) found that the more experience of the auditors can produce various kinds of notions in explaining the audit findings. In terms of experience, research in the field of psychology cited by Jeffrey and Weatherholt (1996) show that one with more experience in a substantive field has more things kept in his memory and is able to develop a good understanding of various events.

Auditor's knowledge on audits will develop as the increasing work experiences. Work experiences will increase along with the increasing working complexity. According to Tubbs' opinion (1992) if an auditor is experienced, therefore, (1) the auditor is gradually aware of more errors, (2) the auditor has fewer misconceptions on the errors, (3) the auditor realizes unusual errors, and (4) matters related to the

department's errors where the errors and violations as well as internal control objective happen, relatively become more prominent.

Bline *et al.* (1991) argues that "professional commitment can be described as the intensity of an individual's identification with and the level of involvement in his or her profession". From the various definitions, it can be concluded that professional commitment is a perception that cored in the individual's loyalty, determination, and expectation, guided by a value system or norms that will direct the individual to act or work in accordance with certain procedures in an effort to perform tasks with a high success rate.

Professional commitment is one of issues which are frequently associated with job satisfaction. Professional commitment is commonly used together with organizational commitment in research. From various literatures on professionalism, Jeffrey and Weatrherbolt (1996) conclude that, public accountant professional commitment is higher than corporate accountants. In the same research, it is also revealed due to professional commitments conceptualized as a socialization process into the profession, thus the accountants working longer will have higher professional commitment compared to those newly entered accounting profession.

Ethical orientation (ethical orientation or ethical ideology) means that the self-concept and personal behavior associated with an individual in a person. Cohen *et al.* (1995) and Finegan (1994) state that every individual ethical orientation is first determined by his/her needs. The needs interact with personal experiences and individual value system that will determine the expectations or goals in every behavior which in the end, the individual determines what action that will be taken.

Based on theories and previous researches, a schematic conceptual framework in this research is constructed which can be shown as the following:

2.2. Hypothesis

Based on the hypothesis model figure of the research above, research hypotheses are formulated, which describes the Effects of Audit Experiences, Professional Commitment, and Ethical Orientation in Ethical Decision Making in Organizational Culture As a moderator as the following:

- H₁: Organizational culture strengthens the effect of audit experience in the ethical decision making of APIP auditors.
- H₂: Organizational culture strengthens the effect of professional commitment in the ethical decision making of APIP auditors.
- H₃: Organizational culture strengthens the effect of ethical orientation in ethical decision making of APIP auditors.

3. ANALYSIS RESULTS

3.1. Data Collection Method and Data Analysis Method

The approach used in the research was quantitative. The research used explanatory research design by applying a survey method. The researchers conducted the sampling from a population and used instruments in the form of questionnaires as a means of data collection. In this research, the effects of the variables of audit experience, professional commitment, ethical orientation and organizational culture in ethical decision making would be tested.

The research was conducted in Inspectorate office in North Sulawesi. The population in this research was the entire APIP auditors possessing auditor functional position and auditors working in the Inspectorate office which had implemented the auditor functional position (JFA) in North Sulawesi, as many as 95 people. In this research, because the population was less than 100 people, the entire population would be taken as samples. The sampling used census method (saturated sample). The saturated samples were the determination of samples if the entire members of the population were used as samples or also referred as census (Sugiyono 2007).

In relation with the selection of testing tools to analyze the data, the Generalized Structural Component Analysis (GSCA) was used. In this research, there were 18 manifest variables (indicators), thus the minimum sample size was $5 \times 18 = 90$ sample members (the respondents), and the maximum sample size is $10 \times 18 = 180$. Therefore, the sample size of the research was 95 sample members (the respondents) which were eligible to use GSCA analysis, i.e. between the minimum and maximum number of the samples.

3.2. Goodness of Fit Model of GSCA

The theoretical model in the framework of the research concept is said to be fit if supported by empirical data. In order to determine whether the hypothetical model is supported by empirical data, the testing results of goodness of fit overall models are given in the figure and table below. The figure and table below present the analysis result of GSCA.

Table 1
The Result of Goodness of Fit Overall Model

<i>Criteria</i>	<i>Cut-of Value</i>	<i>Model Results</i>	<i>Description</i>
Chi Square/DF	$\leq 2,00$	1.515	Fit
RMSEA	$\leq 0,08$	0.077	Fit

Source: Processed Research Data, 2010

The testing result of Goodness of Fit Overall based on the Figure and table above, it is determined that not the entire criteria show good model. It is showed that only Chi Square/ DF criteria and RMSEA only which have met the cut-off limit. According to Arbuckle and Wothke (1999), the best criteria used as an indication of goodness of the model is the value of Chi Square/ DF which is less than 2 and RMSEA is below 0:08. In this research, the value of CMIN/ DF and RMSEA has fulfilled the cut-off value. Therefore, the model is suitable and feasible for use, thus interpretation can be performed for further discussions.

3.3.3. The Testing of Research Hypothesis

The essence in the structural model is the hypothesis testing in this research. The effect of hypothesis testing is performed directly by using the t-test (t test) on each of the direct influence in partial. The following table presents the testing result of the research hypothesis.

Table 2
The Testing Result of Research Hypothesis

<i>Independent Variables</i>	<i>Dependent Variables</i>	<i>Path Coefficient</i>	<i>p-value</i>	<i>Explanation</i>
Audit experience (X1)	Ethical Decision Making (Y)	0.374	0.009	Significant
Professional commitment (X2)	Ethical Decision Making (Y)	0.405	0.007	Significant
Orientation Ethics (X3)	Ethical Decision Making (Y)	0.107	0.363	Insignificant
Organizational Culture (X4)	Ethical Decision Making (Y)	0.125	0.249	Insignificant

The results of hypothesis testing can also be seen in the following path diagram:

Based on the result in Table 3 above, it can be concluded that the results of hypothesis testing is as follows:

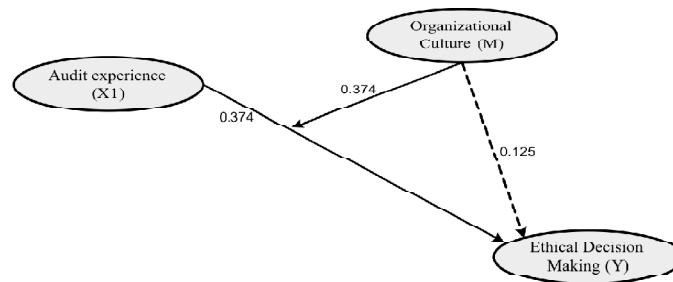


Figure 1: Analysis Result of Hypothesis

Table 3
Calculation Moderation Organizational Culture and Auditing Experience in Ethical Decision Making

<i>Relation</i>	<i>Coefficient</i>	<i>CR</i>	<i>P-Value</i>
X1 → Y	0.374	2.630	0.009
M → Y	0.125	1.153	0.249
X1*M → Y	0.374	3.038	0.002

First hypothesis. Based on Table 3 and Figure 1 above, the analysis result of path coefficient of the effect of organizational culture moderation and auditing experience in ethical decision making is obtained at 0.374 with p-value at 0.002. Because the p-value <0.05, it can be concluded that the fifth hypothesis stating the organizational culture strengthen the audit experience effect in ethical decision making of APIP auditors is acceptable. Because the coefficient is marked positive, it can be concluded that organizational culture can strengthen the effect of audit experience in ethical decision making. It means, the effect of audit experience in ethical decision making will be higher if the organizational culture is higher, and will be lower if the organizational culture is lower. The organizational culture acts as Quasi Moderator because as a moderator variable, the organizational culture successfully modified the form of the relationship between the predictor variable (audit experiences) and the response variable (ethical decision making), in which the moderator variable interacts with predictor variable and serves as the predictor variable.

The result of this research is consistent with research conducted by Butt (1988) revealing that experienced auditing accountants will make relatively better judgments in professional duties compared to inexperienced auditing accountant. Marchant G.A. (1989) finds that experienced auditing accountants are better able to identify errors in the analytical studies. Experienced auditing accountants also show higher level of selective attention on relevant information (Davis 1997). Tubbs (1992) also finds that in one of his studies that the experienced auditing accountants are aware of uncommon errors. Nevertheless, the effect of many experiences in the auditing field can be destroyed by the low ethical awareness of the auditors holding high positions in the KAP organization (Ponemon 1990).

This research is consistent with the research by Trevino (1986) who develops a model of ethical decision making. The result of the research states that ethical decision making is an interaction between individual factors and situational factors (person-situation interactionist model). He states that one's ethical decision making will highly depend on individual factors (individual moderators), such as ego strength, field dependence, and locus of control, and situational factors, such as immediate job context, organizational culture, and characteristics of the work. The model proposed by Trevino (1986) explains that if a person faces an ethical dilemma,

the individual will consider it cognitively in his mind. It is in line with the Jones' statement (1991) on moral issues existing in an ethical dilemma. Jones (1991) states that an individual moral cognitive awareness will depend on the level of Kohlberg's moral development.

The corporate culture has the potential to affect the organization and the individual on the desired outcome, such as commitment, loyalty, intention changes and satisfaction (Chow *et al.*, 2001). In recent manufacturing environment, the corporate culture is used as a powerful tool to measure the method of business functions (Gray *et al.*, 2003). Several studies have confirmed the corporate culture is able to affects the minds, feelings, interactions, and performance in the organization (Saeed and Hassan, 2000). The corporate culture is not simply the entire thoughts, values, and actions, but rather bringing together the patterns used, learned, collected together at the group level, and are internalized only by members of the organization (Lawson and Shen, 1998).

In the literature of organizational behavior, the corporate culture has been defined in many methods by a number of authors and researchers. However, many agree that the corporate culture can also be referred as a set of values, beliefs, and behavior patterns forming the core identity of the organization and assisting the shape employees' behavior (Rashid *et al.*, 2003; Lund, 2003; Schein, 1992). This opinion is also supported by (Sims, 1999; Ford and Richardson, 1994) stating that ethical behavior comes from ethical culture of the companies. The ethical behavior is related to the ethical climate of an organization which is a dimension of organizational culture climate.

The findings in this research support the research conducted by Trevino (1986) and Jones (1991). The research by Trevino (1986) reveals that ethical decision making is an interaction between individual factors and situational factors (person-situation interactionist model). He states that an individual ethical decision making will highly depend on individual factors (individual moderators) such as ego strength, field dependence, and locus of control, and situational factors, such as immediate job context, organizational culture, and characteristics of the work. This is in line with Jones' statement (1991) on moral issue existing in an ethical dilemma. Jones (1991) argues that moral cognitive awareness of an individual will depend on the level of moral development.

Table 4
Calculation Moderation Organizational Culture and Professional Commitment
in Ethical Decision Making

<i>Relation</i>	<i>Coefficient</i>	<i>CR</i>	<i>P-Value</i>
X2 → Y	0.405	2.718	0.007
M → Y	0.125	1.153	0.249
X2*M → Y	0.402	3.477	0.001

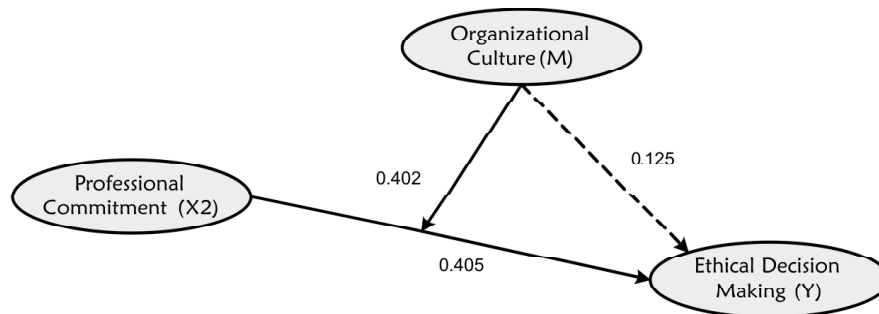


Figure 2: Analysis Result of Hypothesis

Second Hypothesis. Based on Table 4 and Figure 2, the analysis result of path coefficient of the effect of organizational culture moderation and professional commitment in ethical decision making, the value of 0.402 is obtained with p-value of 0.001. Because the p-value < 0.05 , it can be concluded that the sixth hypothesis stating the organizational culture strengthen the professional commitment effect in ethical decision making of APIP auditors is acceptable. Because the coefficient is marked positive, it can be concluded that organizational culture can strengthen the effect of professional commitment in ethical decision making. It means, the effect of professional commitment in ethical decision making will be higher if the organizational culture is higher, and will be lower if the organizational culture is lower. The organizational culture acts as Quasi Moderator because as a moderator variable, the organizational culture successfully modified the form of the relationship between the predictor variable (professional commitment) and the response variable (ethical decision making), in which the moderator variable interacts with predictor variable and serves as the predictor variable.

The result of this research is consistent with research conducted by Dessler (2000). He revealed that organizational culture is one of the important variables for a leader. Organizational culture reflects the values recognized and become a guide to correcting the behavior, and employee commitment. This opinion is supported by Robbins (1996), stating that the interaction of inculcated commitment to conduct the establishment of a culture that will have an impact on the ethical behavior.

Furthermore, an auditor can be said as a professional if he/she has met the standards established and entrenched in organizations they work in. The organizational culture is formed in a relatively long time because it is sourced from and can be influenced by the internal culture, external culture, and great culture. By possessing a high professional commitment, an auditor can form a better future for the auditing objects and the organization he/she works in.

The research result also follows the model presented by Trevino (1986) stating that the dimensions of personality and cognitive style should be considered altogether to predict the behavior. Therefore, professional commitment which is one of personality variables can be integrated by using cognitive style variable to predict the auditors' behavior in conflicting situations. Furthermore, Jeffrey and Weatherholt (1996) state that the interaction between professional commitment and organizational culture is intended to integrate research. With the presence of the interaction, it is expected that the auditor with poor professional commitment can behave more independently if supported by high organizational culture.

In the findings of this study are interpreted that there is a moderating effect of organizational culture and professional commitment in the ethical decision making of APIP auditors. It is seen from the difference in scores of ethical decision making resulted from changes in the level of professional commitment showing the different result between low level of organizational culture and high level of organizational culture. Thereby, changes in the level of professional commitment positively affect the ethical decision making. It indicates that the higher the organizational culture possessed by APIP auditors, the higher the positive relationship between professional commitments in ethical decision making.

The result of this research also follows the model presented by Trevino (1986) stating that the dimensions of personality and cognitive style should be considered altogether to predict behavior, for that, professional commitment which is one of personality variable can be integrated with cognitive style variable to predict the behavior of auditors in conflicting situations. Furthermore, Jeffrey and Weatherholt (1996) state that the interaction between professional commitment and organizational culture is intended to integrate the research. With this interaction, it is expected that the auditors with poor professional commitment can behave more independently if supported by high organizational culture.

Table 5
Calculation Moderation Organizational Culture and Ethical Orientation in Ethical Decision Making

<i>Relation</i>	<i>Coefficient</i>	<i>CR</i>	<i>P-Value</i>
X3 → Y	0.107	0.909	0.363
M → Y	0.125	1.153	0.249
X3*M → Y	0.514	3.699	0.001

Third Hypothesis. Based on Table 5 and Figure 3, the analysis result of path coefficient of the effect of organizational culture moderation and ethical orientation in ethical decision making, the value of 0.514 is obtained with p-value of 0.001. Because the p-value <0.05, it can be concluded that the seventh hypothesis stating

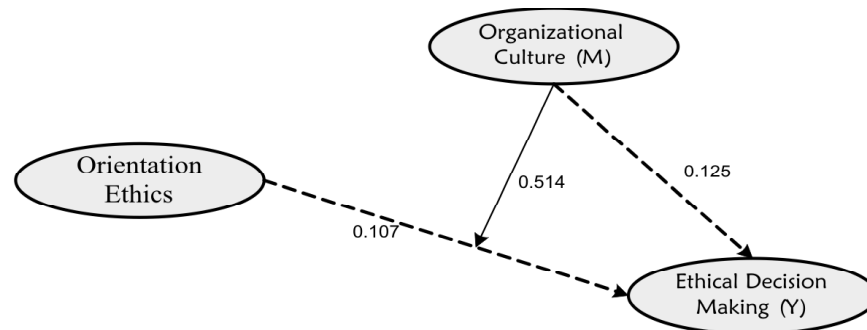


Figure 3: Analysis Result of Hypothesis

the organizational culture strengthens the ethical orientation effect in ethical decision making of APIP auditors is acceptable. Because the coefficient is marked positive, it can be concluded that organizational culture can strengthen the effect of ethical orientation in ethical decision making. It means, the effect of ethical orientation in ethical decision making will be higher if the organizational culture is higher, and will be lower if the organizational culture is lower. The organizational culture acts as Pure Moderator because as a moderator variable, the organizational culture is a variable modified the form of the relationship between the predictor variable (ethical orientation) and the response variable (ethical decision making), in which the pure moderator variable interacts with predictor variable without serving as the predictor variable.

Several researches using ethical decision making variable have showed the evidence of the presence of an interaction effect between the variables in the model of ethical decision making. Interaction is an independent variable that influences a strengthened and weakened. The interaction is mixed with other independent variable in affecting the dependent variables. The research conducted by Trevino (1986) describes how an interaction between individual factors and situational factors (person-situation interactionist model) may occur.

Trevino Model (1986) explains if an individual faces an ethical dilemma, thus he/she will consider it cognitively in his mind. It is in line with Jones' statement (1991) stating that moral cognitive awareness of an individual will depend on the level of moral development. Hunt and Vitell (1986) develop a model to explain the ethical decision making process. According to him, at the beginning an individual encounters ethical issues. Subsequently, he reaches ethical judgment, and then it develops to intention, and finally it is brought in the behavior.

Hofstede (1980) states that organizational culture is the values and beliefs which is possessed by members of the organization which is manifested in the form of behavior norms of the individuals or groups of the concerned organizations

(practical dimension approach). McCuddy *et al.* (1993) finds that ethical behavior is not simply an individual decision, but also a reflection of the organizational culture.

Furthermore, Cushway *et al.* (1995) state that organizational culture is an organization's value system. The organizational culture will affect the method of the work conducted and the way the employees behave. Based on previous empirical research evidence and arguments proposed, an assumption can be made that there is an interaction between ethical orientation and organizational culture in ethical decision making.

The findings in this research are consistent with those proposed by Hunt and Vitell (1986). Factors affecting ethical sensitivity of the accountants are their cultural environment, personal experiences, industrial environment, and the organizational environment. Those factors will affect their abilities in recognizing situations containing the ethics.

Cultural environment and personal experiences are assumed to form the accountants' ethical orientation, measured by using Forsyth scale (1980), i.e. idealism and relativism. Although previously the auditors' ethical orientation is determined by the cultural environment and personal experiences, it can be extensively modified by the organization. The abilities of the organization to change the ethical orientation of an auditor in accordance with the organization's goals, or to provide an environment in accordance with the norms, will affect to obtain a high level of organizational commitment from the employees.

The result of the research is consistent with the research concept conducted by Trevino (1986) stating that ethical decision making is an interaction between individual factors and situational factors (person-situation interactionist model). He states that an individual ethical decision making will highly depend on individual factors (individual moderators), such as ego strength, field dependence, and locus of control, and situational factors, such as immediate job context, organizational culture, and characteristics of the work.

4. CONCLUSIONS

Based on the research results above, it can be concluded that organizational culture moderates the influence among the audit experiences, professional commitment, and ethical orientation in ethical decision making. The recommendations of this research are as the following: Firstly, the presence of a strong effect of audit experiences and professional commitment that directly affect the ethical decision making of APIP auditors may be a concern and consideration for inspectorate leaders in North Sulawesi to determine the composition of the auditing team in terms of audit experiences and professional commitments possessed by each APIP auditors. Secondly, the inspectorate leaders in North

Sulawesi also need to adapt suitable organizational culture, in the light of their organizational culture provide the greatest moderating effects on the professional commitment effect, followed by audit experiences and ethical orientation variables in ethical decision making.

Reference

- Arbuckle, J.L. and Wothke, W. (1999), *AMOS 4.0 users' guide*. Chicago, IL: Smallwaters Corporation.
- Bline, D., D. Duchon, and W. Meixner. (1991), "The Measurement of Organizational and Professional Commitment: An Examination of the Psychometric Properties of Two Commonly Used Instruments." *Behavioral Research in Accounting* 3: 1-12.
- Butt, J. (1988), "Frequency Related Judgments in an Audit-Related Task", *Journal of Accounting Research*, Vol. 26 pp. 315-30.
- Chow, C.W, Harrison, G.L, Mckinnon, J.L and Wu, A. (2001), *Organisational culture: Association with affective commitment, job satisfaction, propensity to remain and information sharing in a Chinese cultural context*. CIBER working paper. San Diego State Univerisity.
- Cohen, J.R., L.W. Pant and D.J. Sharp. (1995), "An Exploratory Examination of Internal Differences in Auditors' Ethical Perceptions", *Behavioral Research in Accounting*, Vol. 7, hal. 37-64.
- Cushway, Barry and Lodge D. (1995), *Organizational Behaviour and Design*. Terjemahan. Jakarta: Elex Media Komputindo.
- Davis, C.E. (1997), "Experience and the Organization of Auditors Knowledge", *Managerial Auditing Journal*, Vol. 12 No. 8, hal. 411-422.
- Dessler, G. (2000), *Human Resource Management*, 8th ed., Prentice-Hall, Englewood Cliffs, NJ.
- Douglas, P.C., R.A. Davidson and B.N. Schwartz. (2001), "The Effect of Organizational Culture and Ethical Orientation on Accountants' Ethical Judgments", *Journal of Business Ethics*: 34 (2), hal. 101-121.
- Finegan, J. (1994), "The Impact of Personal Values on Judgments of Ethical Behaviour in the Workplace", *Journal of Business Ethics* 13, hal. 747-755.
- Ford, R. C. and W.D. Richardson. (1994), "Ethical Decision Making: A Review of the Empirical Literature", *Journal of Business Ethics* 13, hal. 205-221.
- Gray, J.H., Densten, I.L., and Sarros, J.C. (2003), *A matter of size: Does organizational culture predict satisfaction in small organizations?* Melbourne, Australia: Working paper 65/03, September, Faculty of Business and Economics, Monash University.
- Hofstede, G. (1980), *Culture's Consequences - International Differences in Work-Related Values*. Newsbury Park et al.: Sage.
- Hunt, S. D. and Vitell. (1986), "A General Theory of Marketing Ethics". *Journal of Macromarketing* 6 (Spring) pp. 5-16.
- Jeffrey, C. and N. Weatherholt. (1996), "Ethical Development, Professional Commitment, and Rule Observance Attitudes: A Study Case of CPAs and Corporate Accountants", *Behavioral Research in Accounting*, Vol. 8, hal 8-36.

- Jones, T.M. (1991), "Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model", *Academy of Management Review*, Vol. 16 No. 2, hal. 366-395.
- Kohlberg, L. (1969), *Stage and Sequence: The Cognitive-Developmental Approach to Socialization*. In D. A. Golsin (Ed.), *Handbook of socialization theory and research* (pp. 347-480). Chicago: Rand McNally.
- Lawson, R.B., Sheen, Z. (1998), *Organizational Psychology: Foundations and applications*. NY: Oxford University Press.
- Libby, R., and D.M. Frederick. (1990), Experience and the ability to explain audit findings. *Journal of Accounting Research* (Autumn): 348-367.
- Louwers, T.J., Ponemon, L.A. and Radtke, R.R. (1997), 'Examining Accountants' Ethical Behavior: A Review and Implications for Future Research', *Behavioral Accounting Research - Foundations and Frontiers*, American Accounting Association, Sarasota, FA, pp. 188-221.
- Lund, D.B. (2003), Organizational culture and job satisfaction. *Journal of Business and Industrial Marketing*, 18(3), 219-231.
- McCuddy, M., Reichardt, K. and D. Schroder. (1993), Ethical Pressures: Fact or Fiction? *Management Accounting* (April): 57 - 61.
- Merchant, G. A. (1989), Analogical Reasoning and Hypothesis Generation in Auditing, *The Accounting Review* 60 (July), 500-513.
- Ponemon, L.A. (1990), "Ethical Judgements in Accounting: A Cognitive-Developmental Perspective". *Critical Perspectives on Accounting* 1 pp. 191-215.
- Rashid, M. Z.A., Sambasivan, M., and Johari, J. (2003), The influence of corporate culture and organizational commitment on performance. *Journal of Management Development*, 22(8), 708-728.
- Robbins, S. P. (1996), *Organizational Behavioral*. Seventh Edition. Englewood Cliff. Prentice Hall, Inc.
- Saeed, M., and Hassan, M. (2000), Organizational culture and work outcomes: Evidence from some Malaysian organizations. *Malaysian Management Review*, 35(2), 54-59
- Schein, E.H. (1992), *Organizational culture and leadership*, San Francisco: Jossey-Bass.
- Sims, R.L. (1999), "The development of six ethical business dilemma", *The Leadership and Organization Development Journal*, Vol. 20 No. 4, hal. 189-197.
- Sugiyono. (2007), *Statistika Untuk Penelitian*. (In Indonesian). Bandung. Penerbit: CV. Alfabeta.
- Trevino, L. K. (1986), "Ethical Decision Making in Organization: A person Situation Interactionist Model". *Academy of Management Review*, July pp. 601-617.
- Tubbs, R.M. (1992), The Effect of Experience on the Auditor's Organization and Amount of Knowledge. *The Accounting Review* (October) : 783-801.

