

The Perception Superiors and Subordinates toward Performance Evaluation of Auditors

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Abstract

The primary purpose of this research is to examine the level of superior-subordinate congruence in the importance of various dimensions of job performance as an individual progress through the ranks from staff auditor to partner. Secondary purpose is to develop a systematic description of how performance criteria dimensions change as auditors progress through positions.

In auditing firms, individual at different levels are evaluated on different criteria (McNair 1991). Dirsmith and Covalski (1985a), for example, found that staff auditors and senior were involved primarily in executing the "craft of auditing" as opposed to the "business of auditing."

Chatman (1991) suggests that congruence (accuracy of perception between the employee and his or her superiors) is essential for the employee to be able to achieve success (see also Jiambalvo 1982; Maher et al. 1979). Dean et al. (1988) and Sorensen and Sorensen (1972) suggests that role perceptions gap may be a contributing factor to what they term organizational reality shock, to organizational commitment and ultimately to job turnover. An early study by Rhode et al. (1977) showed that for many former employees who had left their firms, either voluntarily or at the request of the firm, a contributing factor, in the employee opinion, was that the firm had not made role expectations clear. To address the somewhat conflicting results of other prior research (see for instance Jiambalvo 1982; Jiambalvo et al. 1983; Maher et al. 1979), this study directly examined role congruence- the degree to which expectations of superiors in auditing firm are understood or internalized by their subordinates.

The instrument was based on the Analytical Hierarchy Process (AHP) of Saaty (1977, 1980, 1986; see Arrington et al. 1984 and Hassell and Arrington 1989 for auditing applications). The first step of the process rates the importance of the dimensions relevant to that choice.

The subjects were practicing public accountants employed in auditing in any level. Questionnaires were distributed in Jakarta, Yogyakarta and Surabaya. We had 81 questionnaires for analysis. Gender effects were examined as previous research (Maupin and Lehman 1994; Emby and Etherington 1996).

The results support H1 partly. Initial analysis of data by firm showed a high degree of inter-firm agreement. For senior and manager levels there were no significant differences by firm in the AHP ratings. For staff auditors there were three significant difference between firms- Practice Development ($F = 13.52, p < 0.0001$), Technical Skills ($F = 3.81, p < 0.05$) and Client Service ($F = 11.61, p < 0.0003$).

The results of an overall MANOVA ($F = 4.23; p = 0.001$) and ANOVA on each of the seven mean ratings across the three positions indicate clearly, confirming the findings of previous research, that the importance of performance dimensions changes as an auditor achieves higher rank within the firm. Only Professional Ability was *not* statistically significantly different at different positions ($F = 0.48, p = 0.313$).

The result supporting H2. The ratings show strong role congruence. ANOVAs showed no significant differences by rater group for any of the performance dimensions unless at manager level. In that level there were significant gender difference.

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