

CHAPTER III

RESEARCH METHOD

A. Research Object/Subject

The participants of this research were the seventh semester of accounting undergraduate students of XYZ University representing non ACCA-accredited and ABC University ACCA-accredited . There were also control group of final-year graduate students of management of XYZ University which represented non ACCA-accredited. These accounting students were still doing or have already taken Auditing and Internal Auditing courses. Thus, the participants already know the activities in the internal management of companies or organizations and have their point of view about professional skepticism in any kind of fraud or wrongdoings. There are advantages and disadvantages using the undergraduate student as participants in this survey research.

The advantage in choosing the undergraduate students as participant was reaching the high internal validity of this survey research, because their level of skepticism has not been influenced by other factors such as the experience of auditing someone/something or pressure from employees that may cause bias. The undergraduate students also become the candidates of future auditors who have to

understand the basics of accounting for their audit judgement. Moreover, obtaining the data from the undergraduate student was easier than choosing practitioners as participants in this research.

The disadvantages in choosing undergraduate student as a participant was the different level of knowledge of each participant. Therefore, it would influence in understanding the questionnaire and it would also affect the researcher understanding of their responses. Moreover, the proximity factor will affect the neutrality of participant's answers.

B. Type and Source of Data

This research uses primary data. Primary data is data collecting directly from the sources, questionnaire was used in this research. The primary data in this research obtained from the distribution of questionnaire into XYZ University representing non ACCA-accredited and ABC University ACCA-accredited. The questionnaire are contains of some questions regarding with professional skepticism.

C. Research Instrument

The research instrument in this research was questionnaire. Questionnaire is a question list given to the respondent to get the data suitable with the research problem. The questionnaire contains some questions regarding to professional skepticism.

D. Data Collection Techniques

The technique of collecting data was directly from respondents using primary data. Data collection technique involved questionnaire by distributing it both directly and indirectly to get a high response rate. The responses taken in accordance with the criteria set by the researcher on the research questionnaire. The questionnaire utilized a Likert scale 1-6.

E. Sampling Techniques.

The sampling technique of this research was purposive sampling because the obtained samples were assessed based on certain considerations or criteria. The respondents were chosen by the researcher because they were in accordance with the criteria of the study sample, namely students studying at ACCA-accredited university and non ACCA-accredited university.

F. Operational Definition of Research Variable

1. Dependent Variable

Professional skepticism is defined by International Standards of Auditing (ISA) number 200 as the possession of a questioning mind and a critical assessment towards the evidence provided by an audit that may lead to an indication of possible misstatements due to errors or fraud (IAASB, 2009). A lack of professional skepticism is considered as one of the causal factors of audit failure (Beasley et al. 2001). Hurtt (2010) concluded that traits indicating a sceptical mind as a precursor to make a sceptical judgement when an individual: (a)

exercises autonomy in making decisions without being affected by any internal and external influences; (b) has self-esteem characterised by belief in self-worth and ability to express one's own opinion; (c) has a questioning-mind to question the validity of collected evidence; (d) suspends judgement until obtaining an appropriate level of evidence on which to base a conclusion, and to avoid bias traps; (e) searches for knowledge out of curiosity or interest to reduce uncertainty; and (f) seeks interpersonal-understanding about what motivates or incentivises others to act in certain ways.

The six individual constructs of professional scepticism (i.e., questioning mind, self-determination, self-confidence, suspension of judgement, interpersonal understanding and search for knowledge) are adapted from the Hurtt scale (2010). Questioning minds is a character of someone's skepticism in questioning reasons, adjustments and proof of an object. Questioning minds is measured using three items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree'). Self-determination is a character of someone's skepticism in concluding objectively against the evidence that has been collected. Self-determination is measured using six items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree'). Self confidence is a character of someone's skepticism to be professionally confident in acting the evidence that has been collected. Self-

confidence is measured using five items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree').

Suspension of judgment is a character of skepticism indicating that someone needs more time to make informed decisions and adds information to support those considerations. Suspension of judgment is measured using five items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree'). Interpersonal understanding is a character that is formed from the understanding of goals, motivation and integrity of the provider of information. Interpersonal understanding is measured using five items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree'). Searching for knowledge is a character of someone's skepticism based on curiosity. Searching for knowledge is measured using six items with a Likert scale that ranges from 1 ('strongly disagree') to 6 ('strongly agree'). Professional skepticism will be measured using questionnaire by Hurtt (2010). The participants should answer 30 questions on a six-point Likert scale.

2. Independent Variable

The independent variable in this study was divided into three variables. These three independent variables were (1) ACCA-accredited accounting programs, (2) Non ACCA-accredited accounting program and (3) management study program as control group. The first independent variable is the ACCA-accredited accounting

program, the program emerged because there has been tight job competition which requires the students to have formal certification. Further such certification becomes essential since it is one of the documents considered by the employers. In terms of teaching quality, university accounting programs also compete to improve their quality of teaching. One university that has raised its teaching standards is ABC University, where the university began to implement ACCA-accredited standard accounting programs to be applied in classroom learning activities. By implementing an accreditation program, ABC University students are given the opportunity to obtain an ACCA degree. ACCA divides the exams and training carried out into several training and exam groups, namely:

a. Foundation Class

Foundation classes are provided for people in accounting and finance. This class is intended for those who have not yet received a high school or vocational diploma and or other equivalent diplomas.

b. Fundamental class

In this class, the ACCA Qualification begins. ACCA qualifications are divided into two stages: Fundamental and Professional. Fundamental class qualifications that can be obtained are Diploma in Accounting and Business, Advanced Diploma in Accounting and Business, and BSc in applied accounting.

c. Professional Class

This class is intended for bachelor graduates with relevant accreditation degrees from recognized institutions.

The second is Standard Accounting Program. This program is an accounting study program where the university still uses standardized learning methods not related to any institution's certification. Thus, the modules are still purely from the accounting module commonly used in the country. However this program does not have special specifications so that recruiters are curious if they have much better specific abilities than other programs having special specifications. One of the important skills possessed by accounting graduates is to have a high level of skepticism. High level of skepticism is not only needed by auditors but it also needs to be owned by public accountants. Have a high level of skepticism can provide benefits in the form of sensitivity to the report irregularity or the incompatible of financial statement according to applicable operational standards.

3. Control Variable

Control variables are variables that are controlled or made constant so that the influence of independent variables on the dependent one is not examined external factors. In this study the control variable was the management study program. It is one of the economic departments within the university to find out that students' skepticism is not generated from other external factors.

G. Data and Instrument Quality Testing

1. Descriptive Statistic Test

Descriptive Statistics Test was employed to provide a general description of the respondents' demographics and provide a description of the research variables in order to find out the absolute frequency distribution of the minimum, maximum, mean (median), and standard deviation on the variables used by researchers. Descriptive Method is a method of data analysis by describing collected data without making general conclusions so that descriptive analysis helped researchers understand the object of their research.

2. Data Quality Testing

a. Validity test

Validity test was utilized in order to know the validity of a research questionnaire. It is valid if the questionnaire question can reveal something that was examined by the questionnaire (Nazaruddin & Basuki, 2015). This test was intended to be able to correlate each item from each indicator. In this study, the validity test was seen from the output r table. Validity test has some criteria i.e if the value on the research results is bigger than r table value the tested instrument is then declared valid.

b. Reliability Test

Reliability is to measure a questionnaire which is an indicator of a variable or construct (Nazaruddin & Basuki, 2015). The

reliability test in this study was conducted by Cronbach's Alphas with a significant level of 5%. Cronbach's Alpha is a reliability coefficient that can identify how good the statement or question is positively correlated with one another. Each item statement or question in the questionnaire is said to be reliable if the value of the Cronbach's alpha is greater than 5% (Fatmawati, 2018).

c. Homogeneity of Variance

In this research, to process the data is using one-way ANOVA. In one way ANOVA homogeneity of variance is needed to determine the validation of assumption for ANOVA, namely whether the five participant groups have the same variance (homogeneity) can accept or not.

d. Normality Test

The normality test is used to determine the data that have been collected normally distributed or taken from normal participation (Nazaruddin and Basuki, 2019). The normality test used in this study used Kolmogorov-Smirnov one sample testing. The criteria of this test if the significance value produced is greater from 0.05, the data is said to be normally distributed, and if the value the resulting significance is less than 0.05, the data is said not normally distributed.

H. Hypothesis Testing and Data Analysis

1. Analysis Tools

This research employed quantitative data. The research data were the answers of participants based on the questionnaire. SPSS 16.0 was used in this research to process the data into the output. Then, the researcher analyzed those data into percentage.

2. Hypothesis Test

a. One Way Analysis of Variance.

According to the handbook of univariate and multivariate data analysis and interpretation by Ho (2006), the one-way analysis of variance (ANOVA) is an extension of the independent t -test. It is used when the researcher is interested in revealing whether the means from several independent groups differ as indicated by (>2). For example, if a researcher is interested in investigating whether four ethnic groups differ in their IQ scores, the one-way ANOVA can be used.

In this study, the researcher examined the influence of university program towards professional skepticism by each of cell's variance. The one-way ANOVA was employed because the research focused on one dependent variable that examined another three groups (independent variables).