Enhancing auditors’ performance
The importance of motivational factors and the mediation effect of effort

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Abstract
Purpose – The purpose of this study is to examine the mediating effect of effort on the relationship between both accountability pressure and self-efficacy, and auditors’ performance.

Design/methodology/approach – The paper uses a between-subjects experimental research design with accountability pressure manipulated randomly to two groups, accountable and non-accountable. Each participant is required to perform internal control tasks.

Findings – Based on partial least square (PLS) analysis, results indicate that both variables, i.e. accountability pressure and self-efficacy, are positively related to audit judgment performance through the process of high level of effort. High self-efficacious participants who received accountability pressure would have high levels of effort, which in turn increase audit judgment performance.

Research implications/limitations – This study provides further evidence on the effect of motivational factors on auditors’ performance. Understanding the mediating role of some motivational variables is crucial in designing a continuous development program to enhance auditors’ performance. The proposed framework of effort as a mediating variable is consistent with Libby and Lipe and Chang et al., who argue that accountability pressure and self-efficacy would cause individuals to increase their effort in order to perform better.

Originality/value – The paper contributes to the literature on motivational factors that would explain the variability in audit judgments in coping with complex audit tasks.

Keywords Auditors’ performance, Accountability pressure, Self-efficacy, Effort, Motivational factors, Audit judgment, Auditing, Performance management

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1. Introduction
Independent auditors continually make professional judgments during their audit work (Gibbins, 1984). In the process of making judgments, auditors encounter different circumstances arising from the diverse nature of audit tasks with varying levels of complexity. In these different circumstances, auditors need to consider various types of information and select the appropriate audit procedures (Asare and McDaniel, 1996). Auditors’ ability to cope with different environments and make quality judgments is dependent on their own efforts to improve performance (Bonner, 1994). Auditors’ efforts to improve judgments is influenced by certain motivational factors (Bonner, 1994). Motivational factors encompass two dimensions, internal motivation and external motivation (Bandura, 1997). Internal motivation is shaped from within an individual, while external motivation is imposed on an individual by external parties or situations.

The auditing literature shows that accountability pressure provides an incentive for auditors to improve judgments (Ashton, 1990; Cloyd, 1997; Tan and Kao, 1999; DeZoort et al., 2006). Auditors under accountability pressure have less judgment variability than auditors under non accountability pressure. Auditors are motivated to improve their audit judgment both internally through their belief in their capability and externally through accountability pressure on their performance (Ashton, 1990; Leung and Trotman, 2005).

An internal motivation may take a form of self-efficacy which represents one’s belief of his/her capability to organize and execute required courses of action to achieve the expected level of performance (Bandura, 1997). Effects of self-efficacy on performance and decision-making are well established in other disciplines such as management, psychology, education and sports. Studies in those areas demonstrate that self-efficacy motivates individuals to produce successful outcomes (Bandura, 1986, 1997).

The external motivation may be represented by accountability pressure, which is defined as the answerability of individuals to others for discharging obligations, duties, expectations and other charges up to stipulated standards (Schlenker, 1997). Previous studies such as Leung and Trotman (2005) and Chang et al. (1997) provide evidence that accountability pressure is positively related to audit judgment performance.

Prior studies examine the effects of accountability pressure and self-efficacy separately without addressing how the two variables may cause individuals to jointly exert their efforts to enhance judgment performance. In this study, simultaneous effects of accountability pressure and self-efficacy on audit judgment performance are investigated to see how accountability pressure as an external motivation, and self-efficacy as an internal motivation may cause auditors to exert their effort which in turn improve performance. The approach used in this study is in line with the Bonner and Sprinkle (2002) suggestion that the change in the effort resulting from internal and external motivations may provide a possible explanation of the process underlying audit judgment performance.

Mohd-Sanusi and Iskandar (2007) investigate the effect of two performance incentives (i.e. feedback and reward) on audit judgment performance. They find that performance incentive variables improve audit judgment performance not directly but through heightening the effort of the auditors. In the study, effort is treated as a mediating variable which mediates the effect of performance incentives on audit judgment performance in the context of different levels of task complexity. The study finds effort mediates significantly the relationship between performance incentives
and audit judgment performance, particularly in a less complex task environment (Mohd-Sanusi and Iskandar, 2007). However, the Mohd-Sanusi and Iskandar (2007) study does not address the effect of self-efficacy, being the internal performance incentive, in motivating auditors to improve audit judgment performance.

As argued above, effects of both motivational factors (self-efficacy and accountability pressure) need to be examined simultaneously in order to provide an insightful understanding on how internal and external incentives improve auditors’ effort to enhance audit judgment performance. This study attempts to address the question of exerting auditors’ effort to enhance audit judgment performance through motivational factors.

The study contributes to the literature on audit judgment in three ways. First, this study extends the work of Mohd-Sanusi and Iskandar (2007) by incorporating self-efficacy in examining the audit judgment process. Self-efficacy is an internal motivational factor which has not been previously addressed in studies on audit judgments. Second, this study attempts to demonstrate empirically how effort, being a cognitive variable, may be induced by accountability pressure and self-efficacy to improve audit judgment performance. This is an extension to the audit judgment model proposed by Bonner and Sprinkle (2002), which includes only financial incentive. In this study, the audit judgment model incorporates accountability pressure, an external non-financial incentive, and self-efficacy, an internal incentive, which may have caused inconsistencies in judgment performance by auditors when exercising their discretions on the nature, extent and timing of audit procedures (Tan et al., 2002; Chung and Monroe, 2000; Leung and Trotman, 2005; Mohd-Sanusi and Iskandar, 2007). Inconsistencies in audit judgments, such as the determination of materiality threshold or issuance of audit opinions (Iskandar and Iselin, 1999; Davis et al., 2000) reflect low quality audit judgment performance. This study attempts to identify factors contributing to the inconsistencies in order to ensure high quality audit services through consistent audit judgment performance. In extreme cases, low quality judgments may consequently bring about audit failure (Cullinan, 2004). Third, this study uses a partial least square (PLS) to analyze the proposed simultaneous relationships between experimental variables under study. This method has not been applied in prior studies in this area. The method attempts to analyze effects of both the internal motivational factor (i.e. self-efficacy) and external motivational factor (i.e. accountability pressure) to explain the variability in audit judgment performance. Results may help audit firms identify relevant performance incentives and motivational training for individual auditors in carrying out audit tasks effectively and efficiently.

2. Literature review and hypothesis development

2.1 Audit judgment performance

Audit judgment is the major focus of research in auditing due to its perceived potential to improve the professional practice (Trotman, 1998). Audit judgments play an important role in the formation of audit opinions. In making the judgments, auditors must consider a number of issues relating to clients’ current performance and future strategic plans, such as assessing the probability of certain predicted outcomes and evaluation of choices of action (Shome, 1998). With respect to the internal control system, for example, auditors’ judgments relate to the appraisal of the efficiency and effectiveness of the system and evaluation of the impact on the company financial reporting. Auditors also use judgments when determining the appropriateness of audit tests and procedures,
relevance of auditing standards, establishment of the scope of audit work, selection of correct audit methodology, and identification of the adequacy and relevance of audit evidence (Shome, 1998).

Bonner (1994) argues that auditors’ judgments and decision-making are influenced by the auditor’s cognitive processing. The evidence shows that individual characteristics such as memory, knowledge, experience and gender play a significant influence on audit judgment performance (Bonner and Lewis, 1990; Ramsay, 1994; Tan and Libby, 1997). In addition to individual characteristics, the role of motivational factors on audit judgment performance is also recognized in past studies. Motivational factors include financial incentives (Ashton, 1990; Awasthi and Pratt, 1990; Libby and Lipe, 1992) and non-financial incentives (Kennedy, 1993; Peecher, 1996; Chang et al., 1997; Tan et al., 2002; Ashton, 1990; Leung and Trotman, 2005). These factors are expected to influence audit judgment performance. The studies provide support that financial and non-financial incentives improve audit judgment performance.

2.2 Accountability pressure
Accountability pressure on individuals makes them answerable to others for performing up to prescribed standards in fulfilling obligations, duties, expectations and other charges (Schlenker, 1997). When an auditor is held accountable for the job done, he or she may become more watchful and conservative. As Turner (2001) argues, auditors are more comprehensive and conservative in search strategy and thus would be more careful and exert extra effort when performing the job. Research in accounting demonstrates that accountability pressure is a critical success factor in audit judgment performance.

Several studies on audit judgments have examined the effect on audit judgment performance of various forms of accountability pressure: feedback (Leung and Trotman, 2005; Chang et al., 1997), justification (Peecher, 1996) and review (Tan and Kao, 1999; Tan et al., 2002). These studies support the notion that auditors with high accountability pressure would have better audit judgment performance. DeZoort et al. (2006) provide evidence that auditors who have accountability pressure would have less judgment variability and a high amount of effort. High motivation leads to continuing improvements in the performance of such individuals. Hence, this current study investigates the influence of accountability pressure, which is expected to motivate auditors externally in enhancing audit judgment performance. This leads to the following hypothesis:

H1. Accountability pressure is positively related to audit judgment performance.

2.3 Self-efficacy
Self-efficacy is a personality trait that receives a great deal of attention in organizational research. Self-efficacy refers to the belief that a person has in his or her capacity to organize and execute the course of action required to produce the desired outcome (Bandura, 1997). Bandura (1997) argues that an individual is able to exercise control over his or her own thoughts, feelings and actions. The ability to control is heavily influenced by the individual’s perception of him or herself. An individual who perceives him or herself as highly efficacious will activate sufficient effort, and if well executed, will produce successful outcomes (Bandura, 1986, 1997).

The effects of self-efficacy on work-related performance are well documented, based on social cognitive theory (Bandura, 1986, 1997; Stajkovic and Luthans, 1998b). On the basis
of social cognitive theory, self-efficacy operates as a central driver of a self-regulatory mechanism governing human motivation and action (Bandura, 1986). Past studies demonstrate how self-efficacy improves performance in a wide range of work settings including education, training, sports and management. Bandura (1997) summarizes numerous studies on the significant relationships between self-efficacy and work-related performance, such as job search, sales, research productivity, learning and task-related achievement, career choice and others. Using a meta-analysis on 114 empirical studies, Stajkovic and Luthans (1998b) have also provided evidence of a strong positive correlation between self-efficacy and work-related performance. Their study finds that self-efficacy contributes about a 28 percent increase in the improvement of work-related performance.

Self-efficacy is expected to influence the initiating behavior of individuals, the amount of effort to be applied to attain an outcome, and the level of persistence applied to the task in the face of difficulties and setbacks (Bandura, 1997). Highly efficacious individuals tend to stimulate sufficient effort to produce better results (Stajkovic and Luthans, 1998b). Similarly, in auditing, high self-efficacy is expected to increase audit judgment performance. Since high self-efficacy individuals are more capable in coping with their work, they would continue to revise their strategies (Gist and Mitchell, 1992; Wood et al., 2000) and would integrate their capabilities in initiating their efforts (Stajkovic and Luthans, 1998a). It is argued that auditors who are highly efficacious would exert sufficient effort to produce successful outcomes (Stajkovic and Luthans, 1998a). On the other hand, individual auditors who are less efficacious would be likely to cease their efforts prematurely and impede performing the task (Stajkovic and Luthans, 1998a). In the context of audit judgments, auditors with high self-efficacy would be expected to perform better than auditors with low self-efficacy.

Based on the above discussions, it is argued that self-efficacy would also provide a similar positive effect on audit judgment performance. Since no studies have fully addressed this issue, this study identifies the gap in the relationship between self-efficacy and audit judgment performance. This study expects that similar positive relationships exist between self-efficacy and audit judgment performance. Hence, the following hypothesis is developed:

H2. Self-efficacy is positively related to audit judgment performance.

2.4 Effort

The amount of cognitive effort spent on a task can be increased either through effort duration (e.g. working longer time) or effort intensity (e.g. working harder), or through both effort duration and intensity (Cloyd, 1997). As an incentive to improve audit judgment performance, a mechanism may be designed for an individual auditor to exert his or her effort to do well in the assigned audit task (Libby and Lipe, 1992; Bonner and Sprinkle, 2002). Prior empirical studies in accounting demonstrate that performance incentives cause individual auditors to increase the amount of effort devoted to the audit task (Mohd-Sanusi and Iskandar, 2007). Evidence shows that accountability pressure is positively related to judgment performance among auditors (Chang et al., 1997; Leung and Trotman, 2005). Chang et al. (1997) find that justification representing a non-financial performance incentive which increases effort duration. Thus, when auditors are given incentives to perform a task, they are expected to increase the amount of effort to complete the task. The following hypotheses are proposed:
**H3a.** Effort mediates the relationship between accountability pressure and audit judgment performance.

**H3b.** Effort mediates the relationship between self-efficacy and audit judgment performance.

As shown in Figure 1, the direct effect of accountability pressure and self-efficacy on audit judgment performance is mediated by effort. Both accountability pressure and self-efficacy induce high effort which in turn affects audit judgment performance.

### 3. Research methodology

#### 3.1 Design and instrument

We employ a between-subjects design by manipulating accountability pressure. Participants are classified into two groups, a control group and an accountability pressure group. Participants in the control group were not required to write down their names on the request form and were told that their responses would be held anonymous. On the other hand, participants in the accountability pressure group were informed that their responses will be sent for a review by the senior manager or partner. Thus, they were required to write down their names on the request form for the purpose of providing the review feedback.

#### 3.2 Audit task

The instrument contains internal control evaluation tasks developed by Bonner and Lewis (1990) and used by Tan and Kao (1999), Tan *et al.* (2002) and Mohd-Sanusi and Iskandar (2007). This study uses internal control evaluation tasks in the experiment to test audit judgment performance because internal control evaluation is an important component of an audit process. The tasks require auditors to integrate information from several different audit areas in order to evaluate the strength of internal controls and to establish the basis of determining audit procedures.

Participants’ responses on the internal control evaluation tasks measure audit judgment performance. Audit judgment performance is determined by the percentage of the correct score for each participant over the total pre-determined answers of audit tasks. Pre-determined answers of the tasks have been developed after a series of discussions with senior faculty members having teaching experience in auditing for more than seven years. Discussions are also held with audit seniors with three to seven years of audit experience.

![Figure 1.](image-url)

**Figure 1.** Relationships between motivational factors, effort and audit judgment performance
3.3 Participants and procedures
The sample comprises auditors working in 14 randomly selected small and medium size accounting firms in Pekanbaru and Padang, Indonesia. The selected firms were requested to volunteer their audit staff in the research project. A total of 65 auditors participated in the study. Only 62 participants holding either junior or senior positions with the mean age of 22 years are included in the final sample. Responses by three participants are excluded due to incomplete information or failure to follow through the specified experimental procedure. About 70 percent of the participants are male.

Each participant received a booklet of the research instrument comprising the case on internal control evaluation tasks, instructions on using the case, questions on the cases, a debriefing questionnaire containing background information of participants, and questions for the manipulation check. All participants received similar materials. Participants were told that they were participating in an audit task experiment and were advised not to collaborate with other participants but were allowed to refer to their audit notes if necessary.

3.4 Accountability pressure
This study focuses on the effect of accountability pressure on audit judgment performance when participants are assured that the performance is either subjected to review or no review by the superior. Participants in the assurance of audit review by the senior would create accountability pressure for the participants by providing additional motivation to avoid negative outcomes such as criticism, or pursue positive outcomes such as praise or promotion (DeZoort et al., 2006). Past studies have measured similar type of accountability pressure through an assurance that the participant’s work will be subject to a review by audit seniors (Tan and Kao, 1999; Tan et al., 2002).

3.5 Self-efficacy
We use the Chen et al. (2001) eight items instrument to measure the general level of self-efficacy. The items are listed in the second column of Table I. For each item, participants are required to respond on a seven-point Likert scale anchored as “strongly disagree” (coded 1) and “strongly agree” (coded 7). A high score indicates a high level of self-efficacy.

3.6 Effort
We measure effort using a five items instrument adapted from Awang-Hashim et al. (2002) and Johnson and Saccuzzo (1995). Only certain questions which are relevant to this study were used, comprising two questions from Awang-Hashim et al. (2002) and three questions from Johnson and Saccuzzo (1995). For each task item in the instrument, participants are required to rate the difficulty of the task and the extent of effort needed in completing the tasks. We assess their responses on a seven-point Likert scale ranging from “strongly disagree” (coded as 1) to “strongly agree” (coded as 7). High/low scores represent high/low effort to complete the tasks.

4. Result of the analysis
4.1 Manipulation check
We use a question to assess whether the promise of a review on participants’ responses by audit senior managers or partners motivates them to exert their effort
for better performance. The question requested participants to state how likely they think that the researcher will provide the review feedback of the responses to them. For the question, we asked participants to rate the motivation of the accountability pressure on a seven-point Likert scale ranging from 1 for “not likely” to 7 for “highly likely”. A t-test is used to compare the mean value of motivation of the control group and accountability pressure group. Scores of participants in the accountability pressure group were significantly higher at $p = 0.00$ (with mean value of 7.427) than those in the control group (with the mean value of 5.283). Results provide evidence that the manipulation on accountability pressure is successful.

### 4.2 PLS method

We use the PLS technique to test the hypotheses. The technique is used because the sample size is small and the study is exploratory in nature (Wold, 1985). In addition, PLS has an advantage of overcoming some theoretical and estimation problems that may arise from the use of covariance structure analysis such as AMOS or LISREL (Hulland, 1999)[1]. The application of the PLS model is done in two steps. First, the reliability and validity of the measurement model is assessed. Second, the structural model itself is assessed. The assessment sequence is followed in order to ensure that the measurement of the construct is reliable and valid before any attempt is made to draw conclusions about the nature of relationships among constructs (Hulland, 1999).
The use of PLS maximizes the explained variance, $R^2$, to evaluate PLS models (Chin, 1998). PLS is preferred to other techniques because of its flexibility in the requirements for random sample collection, sample size and normal distribution (Wold, 1985). Table III presents the $R^2$ and the standardized $\beta$s path coefficient for each endogenous variable, i.e. effort and audit judgment performance.

The factor loading from the final PLS measurement model in Table I reflects the convergent validity of the model. The loading factors of all items of the model are greater than 0.5 and are significant at $p < 0.05$ (two tail; $t > 1.96$). Item 4 (“I have made reference to some materials although it is not required”) in the effort scale is removed and is not included for further analysis because it has a low factor loading (i.e. $< 0.5$). A low factor loading item adds very little to the explanatory power of the model and potentially biases the estimate of parameters linking the constructs (Chin, 1998; Hulland, 1999). Overall, the result demonstrates an acceptable convergent validity.

We assess the reliability of each variable on the basis of $t$-composite reliability (Fornell and Larcker, 1981). Column 2 in Table II shows that the composite reliability for each variable is above 0.70, demonstrating the acceptability of the reliability of each variable (Nunnally, 1978). We also assess the discriminant validity of the measurement model by comparing the square root of average variance extracted (AVE) and correlations among the latent variables (Chin, 1998). The comparison provides a test on the extent a construct shares more variance with its measure than with other constructs. Table II presents the square roots of the AVEs (diagonal) which are greater than the correlation coefficients between respective constructs. Results demonstrate adequate discriminant validity, thus, the PLS measurement model exhibits satisfactory reliability and validity for each construct.

### 4.3 Tests of hypotheses

The study sought to examine that accountability pressure and self-efficacy relate significantly to audit judgment performance and that effort mediates the relationships. Results of the PLS structural models for these relationships are shown in Table III.

Table III shows that accountability pressure is significantly associated with audit judgment performance ($\beta = 0.256$, $t = 1.988$, $p < 0.05$). The result suggests that the higher is the accountability pressure the better is the audit judgment performance. The result supports $H1$. Table III also shows a significant direct relationship between self-efficacy and audit judgment performance ($\beta = 0.218$, $t = 2.088$, $p < 0.05$).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite reliability</th>
<th>AVE</th>
<th>Self-efficacy</th>
<th>Effort</th>
<th>Correlation Accountability pressure</th>
<th>Audit judgment performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-efficacy</td>
<td>0.858</td>
<td>0.503</td>
<td>0.710</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Effort</td>
<td>0.974</td>
<td>0.883</td>
<td>0.654</td>
<td>0.940</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Accountability pressure</td>
<td>1.000</td>
<td>1.000</td>
<td>0.178</td>
<td>0.253</td>
<td>1.000</td>
<td>–</td>
</tr>
<tr>
<td>Audit judgment performance</td>
<td>1.000</td>
<td>1.000</td>
<td>0.242</td>
<td>0.704</td>
<td>–</td>
<td>1.000</td>
</tr>
</tbody>
</table>

**Notes:** Diagonal elements are the square root of the AVE statistics; off diagonal elements are the correlations between the latent variables calculated in PLS.
This indicates that higher self-efficacy leads to better audit judgment performance. Thus, $H2$ is supported.

Table III shows a significant positive association between accountability pressure and effort ($\beta = 0.769, t = 11.668, p < 0.01$), and between effort and audit judgment performance ($\beta = 0.582, t = 4.783, p < 0.1$). These significant relationships indicate that accountability pressure has an indirect effect on the judgment through effort. The table also shows that self-efficacy is significantly associated with effort ($\beta = 0.285, t = 2.593, p < 0.05$) which in turn relates significantly and positively to audit judgment performance ($\beta = 0.582, t = 4.783, p < 0.01$).

In order to test whether effort acts as a mediator variable, we conducted a post hoc Sobel test (Sobel, 1982), which required a two PLS model. The first model included a path from the independent variable (accountability pressure and self-efficacy) to the mediator (effort), and yielded the path $t$-test values shown in model A. The second model included the model from the mediator variable (effort) to audit judgment performance, and provided the $t$-test value shown in “model B”. The results, shown in the final column of Table IV, demonstrated that the effort significantly mediated the relationship between accountability pressure and audit judgment performance (Sobel = 10.856, $p = 0.001$), as well as the relationship between self-efficacy and audit judgment performance (Sobel = 13.580, $p = 0.001$). Hence, $H3a$ and $H3b$ are fully supported. Results provide evidence of the mediating influence of effort on the effect of accountability pressure on audit judgment performance. The result provides full support to $H3a$. It suggests that a promise to give auditors accountability pressure on the managers’ or partners’ review of their performance would create a pressure for
them to be more accountable and to put in more effort to do well in the audit judgment performance.

Results are shown in Figure 2. Specifically, the results show that both self-efficacy (an internal motivation) and accountability pressure (an external motivation) relate positively to audit judgment performance through effort.

5. Conclusion
This study assesses the mediating effect of effort to explain two incentive mechanisms, accountability pressure as an external mechanism and self-efficacy as an internal mechanism, to improve audit judgment performance. Using PLS analysis, we demonstrate that each incentive, accountability pressure and self-efficacy, is significantly and directly related to audit judgment. In addition, we find that accountability pressure provides a significant external incentive that motivates auditors to increase their effort in order to accomplish better audit judgment performance. At the same time, we find that self-efficacy of the auditor provides a significant internal motivation for auditors to exert their effort towards attaining superior audit judgment performance. Specifically, results indicate that both accountability pressure and self-efficacy would lead to higher level of effort, which in turn increase audit judgment performance. The results are in line with Bonner and Sprinkle (2002) on the proposed framework of effort as a mediating variable, and with Libby and Lipe (1992) and Chang et al. (1997) in their argument for the increase in the level of effort resulting from accountability pressure and self-efficacy, which motivate individuals to perform better.

This study is subjected to several limitations. First, we only examine the effect of two forms of motivational factors, accountability pressure and self-efficacy. Thus, the results may not generalize to other forms of motivational factors such as financial incentives, other levels of accountability pressure or multi-dimensional effect of accountability pressure such as outcome, process, task properties and cognitive ability (Leung and Trotman, 2005). DeZoort et al. (2006) suggest that the incremental level of accountability pressure (i.e. review, feedback and justification) reduces the judgment variability of auditors. This study focuses only on review pressure. Future studies may investigate other accountability pressure levels (i.e. feedback and justification). Feedback is the explicit formal response received by auditors on their performance, and justification is the reasons or arguments presented by auditors on reviews by their superior. There is still lack of study looking into the effect of these two types

![Figure 2](image-url)

**Figure 2. The mediation of effort in audit judgment performance model**

**Notes:** *p < 0.01 (two tailed test) and **p < 0.05 (two tailed test)
of accountability pressure as there are more challenging to measure. Second, the effect of interaction between self-efficacy and accountability pressure is yet to be addressed. Third, we use only one task in a single-period setting. Future research may be extended to multiple tasks and to be replicated in multi-period settings.

This study has some theoretical implications for the auditing literature by including two motivational factors, self-efficacy and accountability pressure to the audit judgment model (Libby and Luft, 1993). Both motivational factors have a direct and indirect effect on audit judgment performance. The study shows that both accountability pressure and self-efficacy an effect in exerting auditors’ efforts to enhance their audit judgment performance. Effort, being a cognitive variable, causes the auditor to increase either the amount of time, work intensity, or both to improve performance (Cloyd, 1997). The mediating role of effort explains the established relationships between personality variables such as ability, knowledge, and experience and audit judgment performance (Libby and Luft, 1993). As the practical implication, audit firms may utilize the understanding of these variables to improve their hiring, training, retention and promotion decisions. The identification of individual psychological variables is important since a failure to select, train, or promote those who will be successful at later career stages can reduce overall organizational effectiveness (Tan and Libby, 1997).

As an incentive to improve audit judgment performance, a mechanism may be designed for an individual auditor to exert his or her effort to do well in the assigned audit task (Libby and Lipe, 1992; Bonner and Sprinkle, 2002). Future research on audit judgment needs to address mediating effects of other motivational and personality variables. Also, future research may examine how auditors’ motivational factors and personality traits could interact with other situational variables to affect auditors’ performance and decision-making.

Note
1. The PLS technique comprises a structural model which is able to identify the relationships between constructs. It provides a measurement model that specifies the relations between the manifested items and the constructs that they represent. It also enables an overall assessment of the validity of constructs within the total model (Hulland, 1999).

References


Further reading

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