ATTITUDES OF AUDITEES TOWARDS EXTERNAL AUDITORS

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ABSTRACT

Even with the introduction of new and modern methods in auditing, it is anticipated that there will continue to be a need for external auditors. In fact, most aspects of auditees work require the physical presence of auditors to carry out the audit. It can also hardly be denied that most of the time, the mere presence of auditors can ensure that the auditees in that office are extra careful in executing their job. Surprise is another element which auditors are fond of using to help ensure that auditees comply with existing rules, regulations and procedures. This element also requires the physical presence of auditors. The knowledge that auditors may come in at any time to conduct an audit or just to carry out a surprise check also helps ensure that auditees keep their work up to-date.

The purpose of this study is to investigate and understand the general attitudes of auditees in federal government departments in Kuching towards external auditors. The study also hope to uncover how auditees general attitudes towards external auditors are formed and the factors which influence the formation of their general attitudes. A positive attitude on the part of auditees is critical in ensuring the success or failure of an audit assignment.

The results of the study shows that there is no significant differences in the general attitudes of auditees towards external auditors according to their socio-demographic characteristics such as gender, their level of their academic qualification and the position held by them in their respective departments. There is also no significant relationship between the general attitudes of auditees towards external auditors and extrinsic motivation. However, there is a significant difference in the general attitudes of auditees towards external auditors according to the number of years of their service. Significant relationships also exist between the general attitudes of auditees towards external auditors and intrinsic motivation, the roles played by auditors, the need for an audit, work commitment of auditees, the practicality and relevancy of the audit as perceived by auditees, and peer influence among auditees.

Among the significant factors affecting the general attitudes of auditees towards external auditors, the three most dominant ones are peer influence among auditees, the practicality and relevancy of an audit as perceived by auditees and past working experience of auditees. Therefore, any further recommendations on how to influence the attitudes of auditees towards external auditors should concentrate on these three factors.
ABSTRAK


Hasil kajian menunjukkan tiada perbezaan yang signifikan diantara sikap umum pihak auditi terhadap pihak juruaudit luar berdasarkan sifat-sifat demografik mereka seperti jantina, tahap kelulusan akademik dan juga jawatan yang dipegang dalam sesuatu jabatan. Di samping itu, tiada perhubungan yang signifikan diantara sikap umum pihak auditi terhadap juruaudit luar berdasarkan bilangan tahun dalam perkhidmatan. Walau bagaimanapun, perbezaan yang signifikan didapati di antara sifat-sifat umum pihak auditi terhadap pihak juruaudit luar berdasarkan jumlah bilangan tahun dalam perkhidmatan, motivasi intrinsik, peranan yang dimainkan oleh pihak juruaudit luar, keperluan untuk pengauditan, komitmen kerja pihak auditi, kepraktikaln dan relevansi pengauditan, dan pengaruh rakan sekerja di kalangan pihak auditi.

Di antara faktor-faktor yang signifikan yang mempengaruhi sikap umum pihak auditi terhadap pihak juruaudit luar, faktor-faktor yang paling dominan adalah pengaruh rakan sekerja, kepraktikaln dan relevansi pengauditan mengikut persepsi pihak auditi dan juga pengalaman bekerja. Oleh itu, kajian lanjutan untuk memahami cara untuk mempengaruhi sikap pihak auditi terhadap pihak juruaudit seharusnya berlandaskan faktor-faktor utama tersebut.
DEDICATION

To the memories of my late father, my loving mother, my wife Jane
and to my daughters Ana, Melissa, Amy, Sarah and Eve
who has truly redefined the meaning of patience
and who has given me a lot of moral support
and encouragement throughout the
course.
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CHAPTER I

INTRODUCTION

1.0 Introduction

In carrying out an audit assignment, the job of an auditor is often made more complicated due to the attitudes of some auditees towards external auditors. Examples of auditees' attitudes include their unwillingness, reluctance or even outright refusal to co-operate with auditors. Due to this, the primary responsibility of auditors, at times, could not be executed to the best of their abilities. As a result, the original objective of the department could not be met to the fullest. Therefore, among others, the primary intention of this study is to investigate the factors influencing the attitudes of auditees toward external auditors.

Attitudes are defined differently by different people. According to James (1982), attitudes are feelings about action tendencies toward an object. Feelings about something, a person or even an object are the impressions and evaluations an individual holds. According to the author, this feeling may be positive or negative. Fred (1989) noted that "an attitude can be defined as a persistent tendency to feel and behave in a particular way toward some object". For example, if George does not like working the night shift, he has a negative attitude toward his job assignment. In this case, the negative attitude is towards an activity, a job assignment. Schulman and Kanko (1987) define attitude as a learned preposition to respond in a consistently favourable or unfavourable manner with respect to a given object.

1.1 Background of the Study

As mentioned earlier, the primary objective of this study is to investigate the attitudes of auditees toward external auditors. It is therefore hoped that at the end of this study, the findings of the study will determine those factors which influence attitudes of auditees towards auditors. With this information, it is hoped that ways to influence attitudes of auditees to the advantage of external auditors can be recommended.

To enable the reader to appreciate the need for a research in this area, it is important that the reader understands the background of the National Audit Department of Malaysia first.

The National Audit Department of Malaysia was formed under the provisions of the Federal Laws under Clauses 105 to 107 of the Federal Constitution. In accordance with Clause 105 of the Federal Constitution, the Auditor General is appointed by the Yang Dipertuan Agong upon advice of the Prime Minister with the approval of the Rulers Council.

The jobs and responsibilities of the Auditor General is specified under Clause 106 of the Federal Constitution as well as Section 5 of the Audit Act 1957. Among the main jobs and responsibilities are:

i. to audit the state and federal government accounts.
ii. to audit the state and federal statutory bodies, local authorities and the Islamic Religious Council (Majlis Agama Islam) accounts.
iii. to audit the accounts of the other bodies including companies registered under the Companies Act 1965 where the government holds more than 50% equity.
Upon the completion of an audit, the Auditor General would then give his opinion on the audited accounts in the form of an audit report. The report would then be tabled in Parliament as well as the State Legislative Councils after which they will be discussed by the Public Accounts Committee.

Among others, the primary objective of the National Audit Department is to ensure that there exists accountability in the management of public funds and assets. The objective of the department include:

i. to provide a true and fair report to parliament and also the State Legislative Bodies regarding Financial Statements and to evaluate whether there exists accountability in the management of public funds for the federal government accounts, state government accounts and the Islamic Religious Councils Accounts, the Statutory Bodies Accounts, local authorities accounts as well as the Consolidated Accounts which are subjected to audit under the Audit Act 1957 and the Statutory Bodies Act (Accounts and Annual Reports, 1980).

In conducting an audit, the approaches adopted by the National Audit Department (Manual Audit, Jabatan Audit Negara, 2000) include:

i. to conduct an audit and evaluation in a professional, accurate, and effective manner with regards to accounts, management of resources and the implementation of government projects.

ii. to determine weaknesses in the financial management and to offer recommendations to overcome those weaknesses.

iii. to prepare an Audit Report which is correct, accurate, reasonable and timely to be presented and tabled in Parliament and the State Legislative Councils.

It was stated earlier that the responsibilities of the Auditor General include the audit of the state and federal government accounts, statutory bodies and local authorities accounts including the Islamic Religious Council Accounts. The primary objective of the National Audit Department, on the other hand, is to determine whether there exists accountability in the management of public funds inclusive of assets in Federal and State government departments, statutory bodies and local councils.

However, due to the attitude of some auditees in government departments towards cooperation with the auditors, the responsibilities of the Auditor General and the primary objective of the department sometimes could not be fully achieved.

In carrying out an assignment, it is common for auditors to hear statements such as, "The auditors are here. We have to be extra careful," or "Auditors are only interested in our mistakes". These are just some of the examples of statements made by auditees, sometimes in front of auditors themselves. The attitudes of auditees, as reflected by their statements probably affect their willingness to co-operate with the auditors.

Auditees who are reluctant or simply refuse to co-operate with auditors would, most of the time, be unwilling to disclose vital information or provide important documents as audit evidence or supporting documents to auditors.
1.2 Statement of the Problem

Auditors often receive complaints from members of the public or even from the members of an organisation itself regarding misappropriation of public funds, mismanagement or poor office administration. These complaints are usually received through varied channels such as telephone calls, flying letters or even personal complaints. However, usually due to the reluctance or even outright refusal of some auditees to fully co-operate with auditors in their investigation, auditors who follow up on these complaints often ended up with insufficient evidence to implicate a person or persons of any wrong-doing.

The above shows that it is vital for auditees to have a positive attitude towards auditors because their attitudes will influence their subsequent behaviour and actions. Therefore, the study would like to provide answers to the following research questions:

1. What is the nature of attitude of auditees from the various federal government departments toward external auditors from the National Audit Department?
2. What are the factors that influence the attitude of these auditees towards the external auditors?

1.3 Objectives of the Study

The objective of this study is to determine the general attitude of auditees in federal government departments towards external auditors and the factors which influence the formation of their attitudes. The specific objectives of the study are:

i. to determine if there is a difference between auditees of varied demographic characteristics in term of their attitude toward external auditors.
ii. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and intrinsic motivation.
iii. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and extrinsic motivation.
iv. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and the roles of auditors.
v. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and the factor of need.
vi. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and work commitment.
vii. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and the factors of relevancy and practicality.
viii. to determine if there is any significant relationship between the general attitudes of auditees towards external auditors and peer influence.
ix. to determine if there is any dominant and also significant factors which influence the formation of general attitudes of auditees towards external auditors.
x. to determine if there is any significant difference between past experience of auditees and the formation of their attitudes towards external auditors.
1.4 Conceptual Framework

There are a number of factors that are likely to influence the formation of attitudes of auditees towards external auditors. These predicted factors include past working experience of auditees with external auditors, auditees perception of auditor roles, the intrinsic and extrinsic motivation of auditees, peer influence among auditees, whether auditees perceive an audit as practical and relevant to their work, the work commitment of auditees, and whether auditees feel that there is a need for an audit and for external auditors. It is also conceptualised that the socio-demographic characteristics of auditees will probably influence their attitudes towards external auditors. A conceptual model predicting the factors influencing the formation of attitudes of auditees towards external auditors is shown in Figure 1.1 below. It should be noted that the factors mentioned above are inherent in auditees themselves. It is conceptualised that these factors may influence the attitudes of auditees towards external auditors.

Figure 1.1: A Conceptual Model Predicting The Factors Influencing The Attitudes Of Auditees Towards External Auditors.
1.5 Hypotheses of the Study

The hypotheses of the study are:

Ho 1: There is no significant difference between auditees of various demographic characteristics, as listed below, in term of their attitudes toward external auditors.
A. gender
B. level of academic qualification
C. the number of years of service
D. the position held by the auditees.

Ho 2A: There is no significant relationship between the general attitudes of auditees and intrinsic motivation.

Ho 2B: There is no significant relationship between the general attitudes of auditees and extrinsic motivation.

Ho 2C: There is no significant relationship between the general attitudes of auditees and the roles of auditors.

Ho 2D: There is no significant relationship between the general attitudes of auditees and the factor of need.

Ho 2E: There is no significant relationship between the general attitudes of auditees and work commitment.

Ho 2F: There is no significant relationship between the general attitudes of auditees and the factors of practicality and relevancy.

Ho 2G: There is no significant relationship between the general attitudes of auditees and peer influence.

Ho 3: There are no significant or dominant factors which are expected to influence the formation of general attitudes of auditees towards external auditors.

Ho 4: There are no significant differences between past experience of auditees and the formation of their attitudes towards external auditors.

1.6 Significance of the Study

This study is expected to contribute to the knowledge about the attitudes of auditees towards external auditors. First, it is hoped that this study would be able to determine the general attitudes of auditees towards external auditors.

Second, it is hoped that this study would identify the factors which influence the formation of auditee's attitudes toward external auditors.
Third, it is hoped that the study would be able to identify ways in which the attitudes of auditees can be influenced to the advantage of external auditors.

Fourth, with a better understanding of the factors which influence the attitudes of auditees towards external auditors, it is hoped that auditee's commitment to co-operation with auditors can be enhanced. This would, hopefully improve the quality of an audit.

Finally, it is hoped that this study would enrich the social science literature on this subject. As far as the researcher is aware of, there has been very limited attempt to conduct a study in this specific area in the country as well as overseas. Therefore, it is hoped that the findings from this investigation could serve as a foundation for further research in this area.

1.7 Definition of Terms

The terms commonly used in this study are operationally defined based on the context of the study. The following terms are commonly used in this study:

**Attitude.** A person's attitude is an armed predisposition to respond in a consistently favourable or unfavourable manner to a given object (Schiffman and Kanuk, 1987). In this study, this term refers to the attitudes of auditees towards external auditors.

**Auditees.** This term refers to the employees of the federal government departments in Kuching, Sarawak who is subject to audit by external auditors from the Financial Management Unit of National Audit Department, Sarawak.

**External auditors.** The term refers to auditors from the National Audit Department, Sarawak.

**Past experience.** A person learns through experience and experience is knowledge gained. According to Johnson and Mathews (1997), experience has a clear influence on expectations. In this study, the term refers to the previous working experience of auditees with external auditors. Past experiences of auditees can influence their attitudes toward external auditors. Their attitudes can be either positive or negative, depending on their past experiences.

**Auditees attitudes.** This term refers to the manner in which an auditor behave towards the auditees. Auditors attitudes can also be either positive or negative. A positive attitude for example, means that the auditor is willing to advise his auditees on how to overcome problems related to their work. The negative attitude of an auditor may mean that the auditor is arrogant or demanding in his or her approach.

**Perception.** According to Rowntree (1981) in Kueh (1999), perception is the process of how a person obtain and evaluate or interpret information from the environment using his or her natural senses such as sight, taste, smell, hearing and touch. In this study, the term refers to the perception of auditees towards external auditors or how auditees see external auditors. A positive perception, for example, means that auditees perceive auditors as people whose role is to advise them and suggest ways to solve their problem. A negative perception means that auditees view auditors as people who are only interested in exposing their weaknesses, for example.
Motivation. According to White and Bednar (1991), motivation is the process or act of initiating or sustaining behaviours towards certain goals. This statement is supported by Weiner (1980) who noted that most scientists agree that motivation is a concept which explains why an individual act or behave in a certain way. In the study, the term refers to the motivational tendency of auditees. Auditees may be either motivated to co-operate or not motivated to co-operate with the external auditors.

Extrinsic Motivation. This term refers to motivation which comes from the environment and which are external to the tasks performed by the auditees. The factors which influence auditees extrinsic motivation include pay, fringe benefits, compliments and promotional prospects.

Intrinsic Motivation. This term refers to the stimulus which comes from within the auditees themselves. Intrinsic motivators within auditees may include feelings of achievement, recognition, challenge and interest in the tasks performed by auditees.

Practicality and Relevancy. The term ‘practicality’ in the context of this study is intended to mean the practical aspects of having the external auditors. Relevancy refers to whether auditees feel that the presence and the roles of external auditors are relevant to their work.

Auditors Role. It refers to the functions of the external auditors. One of the roles of auditors is to advice auditees.

Need. This term refers to the necessity of having auditors. If auditees feel that there is a need for external auditors, they may be more willing to co-operate.

Work Commitment. This term refers to the commitment of auditees towards their work. Auditees who has a high level of commitment towards their work may be more co-operative.

Peer Influence. It refers to the influence received by auditees from their colleagues who has been audited by the external auditors.

General Attitudes. The general attitudes of auditees towards external auditors.

Formation Of Attitudes. How the general attitudes of auditees towards external auditors are formed.

1.8 Limitations of the Study

It has been anticipated that the following problems would be encountered during the study. These problems could possibly affect the results of the study. The anticipated problems are:

i. Literature. The main constraint or limitation of the study faced by the researcher is the lack of related literature both locally and overseas for review. Due to this limitation, it is difficult for the researcher to provide adequate proof for supporting or contradicting the findings of this study.

ii. Other factors. There could be other factors which might also influence the attitude of auditees toward external auditors but are not mentioned in the study such as the attitude of the external auditors themselves towards auditees.
iii. **Respondents.** The respondents for this study are confined only to the staffs of the federal government departments in Kuching, Sarawak subject to audit by the Financial Management Unit, National Audit Department, Sarawak. Therefore the subsequent findings may not be representative of all employees in the federal government departments in the country.

iv. **Feedback.** Questionnaires will be sent to all the respondents by hand. It is anticipated that the process will be tedious and time consuming. Furthermore, permission has to be sought and obtained from the various heads of government departments first before the questionnaires can be distributed to the respondents. It is therefore anticipated that feedback will be slow.
CHAPTER II
LITERATURE REVIEW

2.0 Introduction

The purpose of this study is to determine the attitudes of auditees in government departments towards external auditors. It cannot be denied that the attitudes of auditees toward auditors play a major role in determining the success or failure of an audit task. Therefore, understanding the attitudes of auditees in government departments towards external auditors as well as the factors which influence their attitudes is a study which should be of interest to the National Audit Department of Malaysia and to the educationists. A positive attitude of auditees towards auditors is greatly desired because it will reflect on the outcome of an audit assignment.

This chapter will review the concepts of attitudes, the components of attitudes, the formation of attitudes, functions of attitudes and the relationship between attitudes and behaviour. This chapter will also review concepts related to the factors which affect the formation of attitudes as well as the social demographic factors which affect the attitudes of auditees towards auditors.

2.1 Concepts of Attitude

Every time a person is asked whether he or she like or dislike a product, a person or an object, the person is being asked to express his or her attitude. According to Schiffman and Kanuk (1987), attitudes are an expression of inner feelings that reflect whether a person is favourably or unfavourably predisposed to some "object". However, attitudes are not directly observable. Therefore, attitudes must be inferred from what people say or from their behaviour. Researchers tend to assess attitudes by asking questions or making inferences from behaviour.

Attitude is also popularly defined as a learned predisposition to respond in a consistently favourable or unfavourable manner to a given object (Schiffman & Kanuk, 1987). Each part of the definition above is an important property of attitude which is critical to understanding the role that attitudes play. The word object in the definition may refer to the issues, actions, behaviour, practices or events. It is also generally agreed that attitudes are learned. This means that attitudes are formed as an outgrowth of direct experience, for example with people. Another important characteristic of an attitude is that it is relatively consistent. However, attitudes are not necessarily permanent; they do change. Attitudes also occur within and are reflected by the situation. Situations refer to events or circumstances that influence the relationship between attitudes and behaviour.

Robbins (1988) suggested that attitudes are evaluative statements, either favourable or unfavourable, concerning objects, people or event. They reflect how one feel about something. This definition is similar to the definition put forward by Schiffman and Kanuk (1987).

Eagly and Chaiken (1993) defined attitude as a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour. The internal state of the person, or the psychological tendency, predisposes him or her towards making evaluative responses. These responses can be either positive or negative. In evaluating, all classes of evaluative responding, whether overt or covert, cognitive, affective or behavioural are taken into account.
When a person responds evaluatively towards an entity, he has developed an attitude. Subsequently, when he encounters the attitude object, there is a psychological tendency to respond with a particular degree of evaluation. If the tendency is established, an attitude has been formed towards the object.

According to Fishbein and Ajzen (1975), attitudes can be described as a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object. The definition above implies that attitude is learned behaviour to respond or act in either a favourable or unfavourable manner towards an object. The responses are consistent.

However, according to Pratkanis and Greenwald (1989) in Deaux, Dane and Wrigthsman (1993), an attitude is an evaluation of some object about which an individual has some knowledge. Evaluation here means any judgement on a dimension such as good, bad, positive or negative. An auditee may think that auditors are trouble-seekers. This thought, according to Deaux, Dane and Wrightsman (1993) represents an attitude, an evaluation of the object on a particular dimension.

Shimp (1993) noted that attitudes are hypothetical constructs; they cannot be seen, touched, heard or smelled. He defined attitude as a general and enduring positive or negative feeling toward or evaluative judgement of some person, object or issue.

Three other notable features of attitudes are that they are learned, relatively enduring, and they influence behaviour.

2.2 Components of Attitude

According to Robbins (1998), there are three categories of responses that reveal the attitude of a person: cognitive, affective or emotional and behavioural or conative. A study of attitudes can be done using one or more of the categories of attitudes. However, since these responses are largely abstractions, or constructs, attitudes have to be inferred.

For example, the belief that "cheating in business is unethical" is a value statement. This is the cognitive statement of an attitude. The more critical part of an attitude, however, is the affective component. Affect is the emotional or feeling segment of an attitude. The affective or emotional component of attitudes can lead to behavioural outcomes (Robbins, 1998). The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. For example, an auditee might choose to avoid an auditor because of his or her feelings toward the auditor.

The view offered by Robbins (1998) as mentioned above is shared by Morris (1976) who noted that attitude consists of three components: the cognitive components, which refers to the understanding and beliefs of a person towards something, the affective component which refers to feelings, and the behavioural component which refers to the tendency to act or react according to the circumstances or situation.

However, recent theorists have questioned the utility of the three-component view of attitudes. These theorists consider behaviour to be separate from attitude. They even include the proposition that behaviour itself may be an attitudinal object. Therefore, according to Deaux.
Dane and Wrightsman (1993), only knowledge (information associated with the object) and evaluation (judgements based on knowledge) remains an essential part of attitude.

2.3 Formation of Attitudes

In the dispositional approach to the formation of attitude, it is assumed that attitudes are personality traits which are relatively stable predispositions to respond to attitude objects (Staw & Ross, 1985). In other words, the same tendency or predispositions is exhibited by some people even under different environments. That is, attitude is internal to the person and cannot be easily changed. If this is the case, then it would be difficult to influence auditees to change their attitudes.

However, the situational approach by Steers (1991) argues that attitudes emerge as a result of the uniqueness of a given situation. That is, attitudes are situationally determined and can vary over time in response to changing situations. This being the case, there is a strong possibility that the attitudes of the auditees toward external auditors can be manipulated and even changed. There are also other circumstances which affect attitude formation. However, the different areas which formed attitudes will be looked at first.

The formation of an attitude can be divided into three areas: learning of attitudes, sources of influence on attitude formation, and the impact of personality on attitude formation (Schiffman & Kanuk, 1987). These three areas can be briefly discussed as follows:

i. Learning of Attitudes

The formation of an attitude refers to the shift from no attitude toward an object to some attitudes toward it. However, to understand this attitude formation requires an appreciation of the basic learning process such as classical conditioning, instrumental conditioning, cognitive learning theory and information processing.

ii. Sources of Influence On Attitude Formation

The principal sources that affect the formation of attitude include experience, peer influence and the mass media. The primary means by which attitude are formed toward a person, for example, are through direct experience. Therefore, the attitude of an auditee towards an external auditor is formed through direct experience with the auditor concerned. In other words, the auditee’s tendency to act favourably or unfavourably towards the auditor is a result of his or her direct experience with the auditor which could be either pleasant or unpleasant.

As we come in contact with others, we acquire attitudes that influence our lives. Therefore, the attitude of an auditee towards an auditor, similarly, would be influenced by the attitude of his friends or colleagues toward the auditor. Other sources of influence on attitude formation include exposure to the mass media. For example, a negative report about auditors might influence the attitude of auditees toward auditors.

Attitudes, like values are also acquired from parents, teachers, and peer group members (Robbins, 1998). At first, we are born with certain general pre-dispositions. In our early years, we begin modelling our attitudes after those we admire, respect or even fear.

However, according to Deaux, Dane and Wrightsman (1993), some attitudes are formed based on direct experience with the attitude object and other attitudes are acquired less directly. Likewise, an auditee may develop an attitude towards an auditor after direct experience.
with an auditor or he may develop an attitude towards an auditor after being fed with information about auditors by colleagues. The writer also noted that attitudes can be learned through direct reinforcement or acquired through imitation and social learning. In short, according to the writer, there are many ways of attitudes formation such as through direct experience with the attitude object, through parents and peer groups and media influence.

2.4 Functions of Attitudes

Mullins (1999) suggested that attitudes can serve four main functions depending on an individual’s motives. These functions can be briefly outlined as follows:

i. **Knowledge.** Attitudes provide a knowledge base and framework within which new information can be placed.

ii. **Expressive.** Attitudes becomes a means of expression. They enable a person to indicate to others the values that they hold.

iii. **Instrumental.** Attitudes toward other people (or objects) might be held because of past positive (or negative) experiences. For example, an auditee might hold a negative attitude toward an auditor because of an unpleasant past experience with auditors.

iv. **Ego defensive.** Attitude may be held to protect the ego from an undesirable truth or reality. For example, an auditee may refuse to co-operate with the auditor knowing that his accounts are not in order.

2.5 Attitude Change.

In order to change a person’s attitude, we need to know that person’s current attitude (Hassan and Mohd., 1998). In each person, there are various types of attitudes. Some of these attitudes are primitive and therefore very difficult to change. As an example, our values toward deceptions are so primitive that it is difficult for other people to influence us to change our values towards deceptions. On the other hand, some of our values are based on authoritative or expert opinion, therefore it is easy for us to change. For example, our values toward buying shares from the stock market is based on the opinion of the stock market expert who provide expert opinion. Later on, after hearing the advice of another expert, we are inclined to change our opinion. This view is shared by Mullins (1999).

Mullins (1999) also noted that the permanency of attitudes affects attitude change. According to Mullins (1999), peripheral attitudes may easily change with new information or experiences. However, central attitudes tied into the cognitive systems (such as religious beliefs) are highly resistant to any change. Mullins (1999) also suggested that the process of attitude change is dependent on a number of key factors as follows:

i. why an attitude is held in the first place;

ii. why it should change;

iii. what the benefits of the attitude change are and to whom; what the outcomes are if it does not change.

Robbins (1998) offered a similar perspective of attitude change. According to Robbins (1998), unfavourable employee attitude can sometimes be changed depending on who you are, the strength of the employer’s attitude, the magnitude of the change, and the technique you choose to try to change the attitude.