

Determinant of Audit Quality in A Public Accounting Firm in Sulawesi

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ABSTRACT

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This study examines the influence of intellectual intelligence, emotional intelligence, spiritual intelligence, professional ethics, and auditor work experience on audit quality. This study uses primary data sourced from auditors working at Public Accounting Firms in Sulawesi. Data was obtained by distributing questionnaires directly to auditors at 4 public accounting firms in South Sulawesi and sending online questionnaires to auditors located outside South Sulawesi. So that the total respondents used in this study are 50 respondents. Data analysis used the multiple linear regression method with the SPSS (*Statistical Product And Service Solution*) version 22 program with testing using research instrument tests, classical assumption tests, partial significance tests (t test), and simultaneous significance tests (f test). The results of the study prove that Intellectual Intelligence, Emotional Intelligence, Spiritual Intelligence, Professional Ethics, and Auditor Work Experience have a positive and significant effect on audit quality. The suggestion in this study is to further improve intellectual intelligence, emotional intelligence, and spiritual intelligence as well as work experience for auditors, for further research can be carried out by adding other variables that have a stronger influence on audit quality, further research is expected to use direct interviews with auditors.

1. Introduction

The existence of a Public Accounting Firm is very important for every company. Until now, all agency companies need the services of an auditor as an independent party. The profession as an auditor or Public Accountant (AP) is the center of attention in the financial sector, especially in the field of auditing and accounting. Because an auditor who works in a public accounting firm has responsibility for public trust, both moral responsibility and professional responsibility. The public accountant profession in Indonesia is a profession that is in great demand. This is because the public accountant profession (auditor) plays an important role in the process of examining the financial statements of an entity/company. The public accountant profession is responsible and plays a role in increasing the level of reliability of financial statements, so that report users obtain reliable financial information as a basis for decision-making.

1.1 Background

In carrying out his duties, an auditor needs trust for the quality of services provided to users of financial statements because it will affect the services that have been provided by the auditor

to the user. With the trust given by financial statement users to auditors, auditors are required to pay more attention to the quality of the audits they make. The auditor's main responsibility is not to the client as a service applicant, but to a third party. This is a unique characteristic of the auditor profession. Therefore, the auditor profession is required by the public to present independent financial reports.

The great trust from users of audit financial statements and other services provided by public accountants is what finally requires public accountants to pay attention to the quality of the audits they produce. However, recently the auditor profession has been in the spotlight of the public regarding the many cases of auditor failure in carrying out their duties. This shows that the audit quality of an auditor is inadequate. Without good audit quality, problems will arise, such as the emergence of fraud, corruption, collusion and various irregularities.

The quality of the audit since the Enron case began to improve and was trusted by the rules from Sarbanes Oxley. However, due to several financial scandals such as the case of Satyam (2009) the quality of the audit began to be doubted. The increasing number of financial scandals that occur abroad and domestically greatly affects the trust of users of audited financial statements.

Many factors can affect the quality of the audit produced by an auditor, namely intellectual intelligence. Intellectual intelligence is a must that an auditor must have in carrying out the professional tasks assigned to him, because this task is a task that requires high analytical power and a rational thinking process in solving problems that may be encountered in every assignment they receive. In addition to intellectual intelligence, emotional intelligence is also a factor that can affect the quality of the audit. Emotional intelligence is the ability to recognize oneself, motivate oneself and be able to control oneself towards others in any situation, while spiritual intelligence allows humans to think creatively, be far-sighted, make or even change rules, which makes the person work better.

If these three forms of intelligence affect the performance of auditors from human psychological elements, professional ethics affect the performance of auditors from the scope of the organization. An auditor also needs to have work experience in the accounting profession. Less experienced auditors will make more mistakes in doing their jobs than experienced auditors. Experienced auditors are considered to have more optimal performance and are better able to detect, understand and even find the cause of fraud than inexperienced auditors.

1.2 Problem Statement

1. How does intellectual intelligence affect audit quality in Public Accounting Firms in Sulawesi?
2. How does emotional intelligence affect audit quality in Public Accounting Firms in Sulawesi?
3. How does spiritual intelligence affect audit quality in Public Accounting Firms in Sulawesi?
4. How does Professional Ethics affect audit quality in Public Accounting Firms in Sulawesi?
5. How does auditor work experience affect audit quality in Public Accounting Firms in Sulawesi?

1.3 Purpose and Scope

1. To find out the influence of intellectual intelligence on audit quality in Public Accounting Firms in Sulawesi.
2. To find out the influence of emotional intelligence on audit quality in Public Accounting Firms in Sulawesi.
3. To find out the influence of spiritual intelligence on audit quality in Public Accounting Firms in Sulawesi.
4. To find out the influence of Professional Ethics on audit quality in Public Accounting Firms in Sulawesi.
5. To find out the influence of auditor experience on audit quality in Public Accounting Firms in Sulawesi.

2. Literature Review

Attribution Theory

Attribution Theory is a theory that explains a person's behavior. Attribution theory explains the process of how we determine the causes and motives of a person's behavior. This theory refers to how a person explains the causes of the behavior of others or himself which will be determined whether from the internal e.g. traits, character, attitudes, etc.

Auditing

Auditing is an examination carried out by a competent and independent person to be able to collect, evaluate evidence regarding financial statements and to convey opinions about financial statements critically and objectively.

Audit Quality

Audit quality is a possibility (joint probability) where an auditor will find and report violations in his client's accounting system. The Indonesian Accounting Institute (IAI) states that audits conducted by auditors are said to be of high quality, if they meet auditing standards and quality control standards. Audit quality is an action where an auditor reports the results of an audit based on existing evidence to interested parties in accordance with auditing standards.

Intellectual Intelligence

Intelligence in a general sense is a general ability that distinguishes the quality of one person from another, intellectual intelligence is commonly called intelligence. Intelligence is the cognitive ability that organisms have to adapt effectively to a complex and ever-changing environment and is influenced by genetic factors. Intellectual intelligence is how much a person's level of thinking in facing or solving problems and a person's ability to acquire different knowledge and think rationally.

Emotional Intelligence

The emotions that exist in a person can affect a person's performance, sometimes if a person's emotional level is unstable, it will make it difficult for a person to concentrate on doing something. Emotional intelligence is the ability to know how a person's attitude and disposition are at work, as well as how to recognize themselves, motivate themselves and be able to control

themselves towards others in any situation.

Spiritual Intelligence

Spiritual intelligence is the intelligence to face and solve problems of meaning and value, which is to place human behavior and life in the context of a broader and richer meaning, and to judge that one's actions or way of life are more meaningful than others. Spiritual intelligence allows a person to bring things together that are intrapersonal and interpersonal, as well as bridge the gap between oneself and others.

Professional Ethics

Professional ethics is a characteristic of a profession that distinguishes a profession from other professions, which functions to regulate the behavior of its members.

Auditor Work Experience

Auditor work experience is a learning process and the development of the potential for auditor behavior during interaction with the tasks carried out during a certain period of time. Auditor experience, namely "An auditor must have experience in his auditing activities, formal education and work experience in the accounting profession are two important and complementary things.

2.1 Related Jobs

A striking similarity between this study and the previous study is the focus on reliable results of the audits conducted. However, the main difference lies in the selection of dependent Variables and the addition of independent Variables. In the previous study, only dependent variables were used to analyze the effect on auditor performance, while this study focused on audit quality. Another difference lies in the Independent Variable, in previous research only used the variables Intellectual Intelligence, Emotional Intelligence. The other research used the variables of Emotional Intelligence, Spiritual Intelligence, Integrity and Professional Ethics while this study used independent variables of Intellectual Intelligence, Emotional Intelligence, Spiritual Intelligence, Professional Ethics, and Auditor Work Experience.

2.2 Research Gaps

This study expands on previous research by adding more factors that affect audit quality. Previous findings have shown that Intellectual Intelligence has a positive and significant influence on audit quality. Emotional Intelligence also exerted a positive and significant influence on the quality of Kontras audits with other studies confirming no correlation. Spiritual Intelligence has a positive and significant effect on audit quality, Professional Ethics has a positive and significant effect on audit quality but other studies confirm that there is no correlation. As well as auditor work experience which has a positive and significant effect on audit quality.

3. Methodology

3.1 Data Collection

The technique used in data collection uses survey techniques through the distribution of questionnaires directly and indirectly (online questionnaires) by giving a set of questions or written statements to respondents to answer. In this study, data was collected by distributing questionnaires to auditors at each Public Accounting Firm in Sulawesi.

3.2 Analysis Techniques

The analysis technique used is multiple linear analysis conducted through SPSS as the main statistical tool.

3.3 Validation

The results of the t-test showed that the intellectual intelligence variable had a significance level of $0.005 < 0.05$, the emotional intelligence variable had a significance level of $0.000 < 0.05$, the spiritual intelligence variable had a significance level of $0.001 < 0.05$, the professional ethics variable had a significance level of $0.000 < 0.05$, and the work experience variable had a significance level of $0.000 < 0.05$. This implies that Intellectual Intelligence, Emotional Intelligence, Spiritual Intelligence, Professional Ethics, and Auditor's work experience affect the quality of the audit so that hypotheses 1 to 5 are accepted. The heteroscedasticity test is intended to assess whether there is a difference in variance between residue observations. Typically, a good regression relies on normally distributed data.

4. Results and Discussion

4.1 Key findings

The Intellectual Intelligence variable has a significance value of 0.005 less than 0.05 and a t-table value of 1.680 so that the t-count value is $2.946 > \text{t-table } 1.680$ which means that Intellectual Intelligence affects the quality of the audit, so the first hypothesis is accepted.

The Emotional Intelligence variable has a significance value of 0.000 less than 0.05 and a t-table value of 1.680 so that the t-count value is $4.321 > \text{t-table } 1.680$ which means that Emotional Intelligence has an effect on the quality of the audit, so the second hypothesis is accepted.

The Spiritual Intelligence variable has a significance value of 0.001 less than 0.05 and a t-table value of 1.680 so that the t-count value is $3.560 > \text{t-table } 1.680$ which means that Spiritual Intelligence has an effect on the quality of the audit, so the third hypothesis is accepted.

The Variable of Professional Ethics has a significance value of 0.000 smaller than 0.05 and a t-table of 1.680 so that the t-count value of $4.086 > \text{t-table } 1.680$ which means that Professional Ethics has an effect on the quality of the audit, so the fourth hypothesis is accepted.

The Auditor Work Experience variable has a significance value of 0.000 less than 0.05 and a t-table value of 1.680 so that the t-calculated value of $8.587 > \text{t-table } 1.680$ which means that the Auditor's Work Experience has an effect on the audit quality, so the fifth hypothesis is accepted.

Analysis of the R^2 coefficient reveals a value of 0.925 or 92.5%. This percentage shows that 92.5% of the audit quality is influenced by the variables of intellectual intelligence, emotional

intelligence, spiritual intelligence, professional ethics, and work experience of auditors. Meanwhile, 7.5% of audit quality is influenced by other variables outside this study.

4.2 Interpretation of Results

Intellectual intelligence affects the quality of audits, which means that the intellectual intelligence possessed by an auditor is increasing, it will produce quality audit reports, it is because an auditor needs high analytical power in solving problems, has verbal intelligence and practical intelligence.

Emotional intelligence affects the quality of the audit, which means that the better the auditor is in controlling his emotional intelligence, the more the quality of the audit that will be produced by the auditor will also increase.

Spiritual intelligence affects the quality of audits, which means that the better the auditor is in controlling his spiritual intelligence, the better the quality of the audit that will be produced by the auditor will also increase.

Professional ethics affect the quality of audits, which means that the more auditors have good professional ethics, the more the quality of audits will also increase that will be produced by the auditors. Because an auditor requires integrity, objectivity, competence, confidentiality, and professional behavior.

The auditor's work experience affects the quality of the audit, which means that the wider the auditor's work experience, the more skilled he is at doing his job and the more perfect the mindset and attitude in acting to improve the quality of his audit.

5. Discussion

5.1 Comparison with Previous Research

The results of this research Intellectual Intelligence affect audit quality, directly proportional to the results of research conducted by Badewin and Febry Kurnia (2022) which stated that Intellectual Intelligence affects auditor performance.

The results of this research show that Emotional Intelligence has an effect on audit quality, inversely proportional to the results of research conducted by Badewin and Febry Kurnia (2022) which stated that Emotional Intelligence has no effect on auditor performance.

The results of this research Spiritual Intelligence affect the quality of audits, directly proportional to the results of research conducted by Badewin and Febry Kurnia (2022) which stated that Spiritual Intelligence affects auditor performance.

The results of this research show that Professional Ethics affects audit quality, directly proportional to the results of research conducted by Surfah Rulan Dhari (2019) which states that Professional Ethics affects auditor performance.

5.2 Limitations

When conducting research, some auditors at public accounting firms fill out questionnaires

in person and online.

5.3 Future research

For the next researcher, other variables can be added that are more influential on the quality of the audit.

6. Conclusion

The results of the analysis showed that Intellectual Intelligence had an effect on audit quality, Emotional Intelligence had an effect on audit quality, Spiritual Intelligence had an effect on audit quality, Professional Ethics had an effect on audit quality, and Auditor Work Experience had an effect on audit quality.

7. Recommendations

This study analyzes the influence of intellectual intelligence, emotional intelligence, spiritual intelligence, professional ethics, and auditors' work experience on audit quality. The goal is to understand the factors that affect audit quality. A quantitative approach with a descriptive approach that uses primary data from the distribution of questionnaires to auditors working in public accounting firms. Multiple linear regression analysis and classical assumption tests, including normality, reaverability, multicollinearity, heteroskedasticity tests.

The findings in this study are that the variables of intellectual intelligence, emotional intelligence, spiritual intelligence, professional ethics, and auditor work experience have an influence and are significant on audit quality. The Determination Coefficient of Adjusted R Square Value was 0.925, indicating that 92.5% of the audit quality was influenced by the variables of intellectual intelligence, emotional intelligence, spiritual intelligence, professional ethics and work experience of the auditor. Meanwhile, 7.5% of the quality was influenced by other variables outside this study. F Test: Overall, the independent variable had a significant effect on the dependent variable. The recommendations include improving audit quality through the management of these independent variables. Research Contribution This study provides valuable insights into the factors that affect the quality of audits in public accounting firms in Sulawesi, by emphasizing the importance of Intellectual Intelligence, Emotional Intelligence, Spiritual Intelligence, Professional Ethics, and Auditor Work Experience as significant variables. The results of this research can be used by practitioners in improving the quality of their audits.

Attachment

Table 1 Descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Intelligence (x1)	50	36,00	45,00	39,2000	2,62640
Emotional Intelligence (x2)	50	20,00	25,00	22,1600	1,62078
Spiritual Intelligence (X3)	50	43,00	55,00	48,8200	2,73817
Professional Ethics (X4)	50	48,00	60,00	53,7200	2,92100
Auditor Work Experience (x5)	50	28,00	35,00	30,8600	1,97959
Audit Quality (Y)	50	40,99	50,08	44,9200	1,93219
Valid N (listwise)	50				

Table 2 normality test results

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			50
Normal Parameters ^{a,b}	Mean		,0000000
	Std. Deviation		1,76396323
Most Extreme Differences	Absolute		,129
	Positive		,129
	Negative		-,072
Test Statistic			,129
Asymp. Sig. (2-tailed)			,037 ^c
Monte Carlo Sig. (2-tailed)	Sig.		,350 ^d
	99% Confidence Interval	Lower Bound	,337
		Upper Bound	,362

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. Based on 10000 sampled tables with starting seed 2000000.

Source : Data processed by SPSS 22

Table 3 Partial Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	,111	,060		1,862	,069
	X1	-,003	,002	-,338	-1,707	,095
	X2	,003	,002	,228	1,484	,145
	X3	-,002	,002	-,245	-1,109	,273
	X4	,001	,001	,193	1,000	,323
	X5	-,001	,002	-,069	-,429	,670

a. Dependent Variable: Kualitas Audit
Source : Data processed by SPSS 22

Table 4 coefficients of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,962 ^a	,925	,916	,55845

a. Predictors: (Constant), X5, X1, X2, X4, X3
Source : Data processed by SPSS 22

Confession

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