

**THE EFFECT OF AUDITOR COMPETENCE, EMOTIONAL
INTELLIGENCE OF AUDITORS, AND AUDITOR
INDEPENDENCE ON AUDITOR
PERFORMANCE**

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Abstract: This study was conducted to determine the effect of auditor competence on auditor performance, to determine the effect of auditor emotional intelligence on auditor performance, to determine the effect of auditor independence on auditor performance and to determine the effect of auditor competency, auditor emotional intelligence, and auditor independence on auditor performance at 3 Offices Public Accountant (KAP) in Jakarta. The variables studied were auditor competency variables, auditor emotional intelligence variables, and auditor independence variables as independent variables and auditor performance as the dependent variable. The method used in this research is the descriptive method, where data is obtained by distributing questionnaires to 43 auditors, analyzed using SPSS Software and given conclusions.

From the results of the study, the auditor's competency level is below the average, which means that the auditor does not have good competence. The level of emotional intelligence above average means that the auditor has good emotional intelligence. The level of auditor independence is above the average, which means that the auditor has good independence. The level of auditor performance is above the average, which means that 3 KAPs in Jakarta have good auditor performance. There is no significant effect on auditor competence on auditor performance by 0.090, there is a significant effect on auditor emotional intelligence on auditor performance by 0.000, there is a significant effect on auditor independence on auditor performance by 0.008, and there is also a significant influence on auditor competence, auditor's emotional intelligence, and auditor independence simultaneously on auditor performance at 7,112 with a significance value of 0.001

Keywords: Auditor Competence, Emotional Intelligence Auditor, Auditor Independence, Auditor Performance

Introduction

In achieving company goals, competent employees are needed and indicated by good performance results. As employees who are assigned as auditors and are required to be able to provide good performance, and can express their opinions carefully towards their clients, so that the clients served are satisfied based on the auditor's independence.

Quality audit results are things that must be safeguarded by the auditor so that the decision-making process obtained from the consideration of audit results can be of good quality too. The audit report users expect that the financial statements that have been audited by public accountants are free of material misstatement, they can be trusted to be used as a basis for decision making and in accordance with applicable accounting principles.

Performance is the result of work achieved by someone in carrying out the tasks assigned. Wijayanti, G.L. (2012: 11) states, Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Quality performance of the Public Accounting Firm (KAP) is influenced by the performance of human resources in that place known as auditors. Auditors must follow the rules regarding professional ethics, general standards and accounting principles, responsibilities to clients, responsibilities to colleagues, and other responsibilities and practices. Auditor performance is an implementation of responsibility given in the task of

examining the company's performance reports that are completed within a certain period of time. However, the public increasingly questioned the auditor's performance produced by the auditors along with the many cases that occurred in the country and abroad. According to the official website of the BPKP (2010) that in November 2006 the Indonesian Minister of Finance froze the license of Public Accountant Justinus Aditya Sidharta for two years because it was proven to violate the Public Accountants Professional Standards (SPAP) relating to Audit Reports.

Auditor competency is how an auditor has the ability and expertise to work on and carry out his responsibilities easily, quickly, and very rarely makes mistakes that can support the accuracy of the decisions that will be taken by the auditor. Tuanakotta (2011) states, Competence is an auditor's expertise obtained from knowledge, experience, and training. Whereas according to Rai (2008), Auditor competency is a qualification needed by auditors to carry out performance audits correctly. Emotional intelligence is a demand for oneself to learn to recognize and appreciate the feelings of oneself and others and to respond appropriately, applying effectively energy emotions in life and daily work. According to Choiriah (2013) states, Emotional intelligence is the ability in the field of emotions, namely the ability to deal with frustration, the ability to control emotions, the spirit of optimism, and the ability to establish relationships with others or empathy.

Auditor independence is an auditor who must be free from influence, not controlled by other parties, not dependent on other parties.

According to Mayangsari (2013) stated, Auditor independence is a qualified auditor to carry out financial report audits, compliance audits, and operational audits. This research will be conducted at three Public Accountant Offices in the region Jakarta, namely KAP Herman Dody Tanumihardja & Rekan, KAP Kanaka Puradiredja, Suhartono, KAP Eddy Siddharta & Tanzil in November 2017. The variables used in the study consisted of independent variables namely auditor competency (X1), emotional intelligence (X2), and auditor independence (X3). The dependent variable is the auditor's performance. Data was collected using questionnaire surveys to get responses to the researcher variable statements.

Literature Review

Board of Directors (BOD) Governance

According to Arens in Rahayu and Suhayati (2013: 1) Auditing is the process of collecting and proofing information to determine and report the degree of conformity between that information and the criteria set. Auditing must be done by competent and independent people.

The ability of a public accountant to audit a company's financial statements is what an auditor must have. The better the ability of public accountants, the better it is to find errors in a report that is not in accordance with applicable regulations.

Tuanakotta (2011) states that competence is an auditor's expertise obtained from knowledge, experience, and training. Each auditor must meet certain requirements to become an auditor. Whereas according to Rai (2008), auditor competence is the qualification needed by auditors to carry out performance audits correctly.

This is in line with Tugiman (2006: 30) that auditor competence is expertise in implementing various standards, procedures and audit techniques needed in carrying out audits. Expertise means the ability to apply knowledge to problems that are generally faced and solve these problems without extensive re-learning and assistance with meaningful assistance from other parties. An auditor must be competent, namely having special professional expertise in carrying out his duties. Agous (2014) said competence shows the achievement and maintenance of a level of understanding and knowledge that allows a member to provide services with ease and ingenuity. In the case of professional assignments exceeding the competence of members or companies, members must consult or hand over clients to other more competent parties. Each member is responsible for determining their respective competencies or assessing whether the education, experience, and considerations needed are sufficient for the responsibilities that must be fulfilled. The essence of the statement is how an auditor must be able to learn and develop the level of competence in auditing a financial report.

This is supported by Hendra (2014: 18), stating several indicators of auditor competence, namely:

1. Auditor's knowledge
2. Auditor experience

Based on the above quotation, the author concludes that the auditor competency factors are in the form of knowledge and experience to provide quality audit decisions Emotional Intelligence

According to Choiriah (2013), Emotional Intelligence is the ability to recognize one's own feelings and other people's feelings, motivate themselves, and manage emotions well in themselves and in relationships with others.

In Kusuma's research (2011) it is said that based on traditional understanding, emotional intelligence includes the ability to read, write, and count which is a word and number skill that is the focus of formal education (school), and actually directs someone to achieve success in the academic field. But the definition of success in life is not just this. A new developing view says that there are other intelligence outside of intellectual intelligence (IQ), such as talent, the sharpness of social observation, social relationships, emotional maturity, and others that must also be developed.

According to Rissy and Nurna (2006), emotional intelligence is intelligence to use emotions according to desire, the ability to control emotions so that they have a positive impact. Emotional intelligence can help build relationships with happiness and well-being and the ability to feel, understand, and effectively apply emotional

power and sensitivity as a source of human energy, information, connection, and influence.

Choiriah's results (2013: 6) state that emotional intelligence is the ability in the field of emotions, namely the ability to face frustration, the ability to control emotions, the spirit of optimism, and the ability to establish relationships with others or empathy. This is as stated by Patton that effective use of emotions can achieve goals in building productive relationships and achieving work success. Sangadah (2008) explains emotional intelligence is, the ability to manage emotions in managing personal life and social relationships. In formulating an operational definition of emotional intelligence, Daniel Goleman's formula is used to describe the indicators or scales of measurement of emotional intelligence as follows:

1. Self-control, namely the ability to manage feelings or emotions that arise, including:
 - a. The ability to manage feelings of pleasure
 - b. Ability to manage feelings of sadness
2. Motivation, namely the ability to master themselves as the foundation for achieving success, which includes:
 - a. Control your impulses
 - b. Positive thinking
 - c. Be optimistic
3. Social Skills, namely the ability to build relationships in social life, which includes:
 - a. Easy to get along
 - b. Tolerated
 - c. Thinking about social interests
 - d. Love cooperation and help

Independence

Independence must be owned by all auditors where the attitude is very important in carrying out the audit process so that the results of the process carried out by the auditor are able to convince the public or users of the report on the results of the company's opinion audited by auditors or public accountants.

Bayong (2007) says Independence is free from influence, not controlled by other parties, not dependent on other parties.

Auditors whose independence is an auditor who is not influenced by various forces originating from outside the auditor in considering the facts encountered in the audit. More independence is determined by factors outside the auditor's self: Mayangsari (2013: 13) said, that independent auditors are qualified auditors to carry out financial report audits, compliance audits, and operational audits. Two characteristics of independent auditors are.

- 1) Their position is independent of the client in carrying out the audit work and reports the results of auditing.
- 2) To practice, they must obtain permission as a public accountant.

From a number of quotations above, it can be concluded that independence is the attitude of someone KAP member or an auditor who is not easily influenced, independent, neutral to something or someone else because auditors must provide professional services and provide reports that have high integrity to be able to convince users of audit reports.

Because independence is very important for every job, especially for auditors, many factors can influence that independence. Anrini (2010) states that there are two independent variables that affect independence, namely:

1. Duration of Relationships with Clients.

Auditor Performance

Performance is not only about work results or work performance, but also about how our work processes take place.

According to Mathis and Jackson (in Marpaung (2013: 180) that performance is basically what employees do or don't do. And employee performance affects how much they contribute to the company.

Mangkunegara (2012: 14) says Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to employees. Employee performance is inseparable from motivation and other factors such as the ability possessed by employees themselves.

To be able to know the performance achieved by the auditor, it is necessary to have a performance measurement indicator. According to Larkin (in Fitriani, 2014: 24), indicators for measuring performance are:

3. Ability

An auditor who has the ability to audit will be competent in completing his work.

4. Professional Commitment

Auditors with strong professional commitments have an impact on behavior that leads to compliance with rules, compared to auditors who have low professional commitment. Commitment is also related to loyalty to the profession.

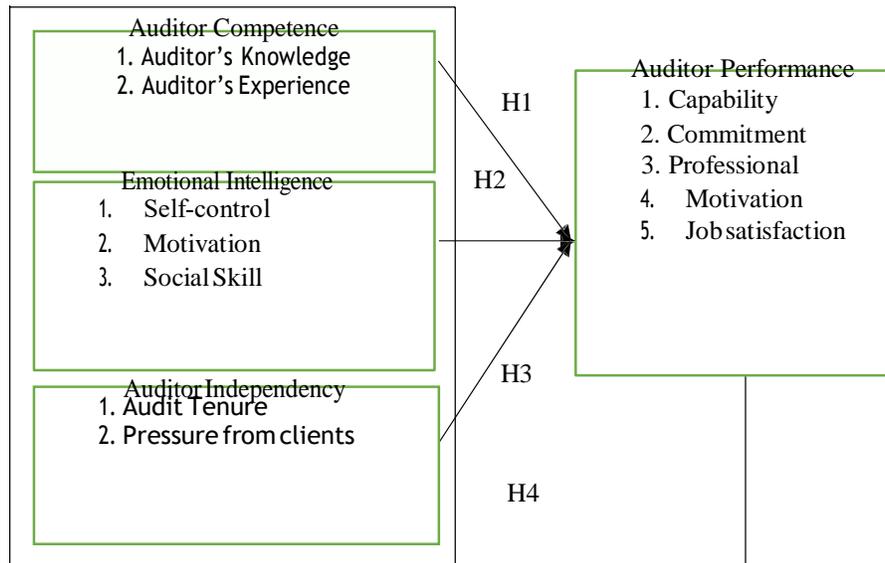
5. Motivation

The motivation of an auditor will encourage the individual auditor's desire to carry out certain activities to achieve a goal.

6. Job Satisfaction

Auditor Job Satisfaction can be interpreted as a level of individual satisfaction.

Research Framework



Methodology

Research is an activity that aims to develop science. The research objectives include problem finding and problem-solving. To achieve its objectives, researchers use certain methods or procedures called methods. The research method used in this research is the descriptive method (descriptive research), which is a method of collecting data based on current events and reality of a population studied.

Populations and Samples

The population in this study is the auditor who is in the Public Accounting Office (KAP) in the Jakarta area.

The author takes a sample of auditors in three Public Accounting Firms (KAP) in Jakarta.

The sampling technique used in this study is Purposive Sampling, where the sampling technique of data sources is based on certain considerations, for example, the person is very expert so it is expected to be able to help the writer to research specifically in this study (Sugiyono, 2016).

Results

Table 1 shows from the mean result of footwear exports that there is an increase in the last 2 years even though there is a decline from 2014-2015 based on the observation of 21 export destination countries.

Table 1. Descriptive statistics

	Mean	Std. Deviation	Analysis N
2012	167.8095	195.38491	21
2013	183.8571	223.18989	21
2014	253.8095	350.99838	21
2015	214.6190	274.42986	21
2016	220.9524	282.14774	21

Table 2 shows the correlation matrix of all the variables. The result shows that the correlation matrix is significant at 0.01.

Table 2. Correlation Matrix

		2012	2013	2014	2015	2016
Correlation	2012	1.000	.996	.672	.982	.967
	2013	.996	1.000	.658	.988	.978
	2014	.672	.658	1.000	.648	.633
	2015	.982	.988	.648	1.000	.996
	2016	.967	.978	.633	.996	1.000
	Sig. (1-tailed)	2012		.000	.000	.000
2013		.000		.001	.000	.000
2014		.000	.001		.001	.001
2015		.000	.000	.001		.000
2016		.000	.000	.001	.000	

Table 3 shows the results of KMO test, which tells whether sample size taken for the factor analysis was adequate or not.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.784
Bartlett's Test of Square Sphericity	Approx. Chi-	257.007
	df	10
	Sig	.000

Based on the table above, the KMO value is 0.784 which is > 0.5 ; hence, the sample size is adequate for the analysis. Further, the Bartlett test of sphericity is used to test the null hypothesis that the correlation matrix is an identity matrix. Since significant value (p-value) of the correlation matrix is 0.000 which is < 0.01 hence it is significant, and the correlation matrix is not an identity matrix. Thus it may be concluded that the factor model is appropriate.

Table 4. Commonalities

	Initial	Extraction
2012	1.000	.975
2013	1.000	.978
2014	1.000	.558
2015	1.000	.977
2016	1.000	.960

Extraction Method: Principal Component Analysis.

A higher commonality of a variable indicates that the major portion of its variability is explained by all the identified factors in the analysis. If commonality of the variable is $< .4$, it is considered to be useless and should normally be removed from the model. From table 4, it can be seen that the commonalities of all the variables are more than $.4$; hence, all the variables are useful in the model.

Table 5. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.448	88.958	88.958	4.448	88.958	88.958
2	.507	10.149	99.107			
3	.040	.802	99.909			
4	.003	.060	99.969			
5	.002	.031	100.000			

It can be seen that after rotation, the first factor explain 88.958% of the total variance, respectively. The eigenvalues for each of the factor are shown in the table. Only those factors are retained whose eigenvalues are 1 or more than 1. Here, you can see that the eigenvalue for the first three factors is >1; hence, only one factor has been retained in this study.

Figure 1. Scree Plot

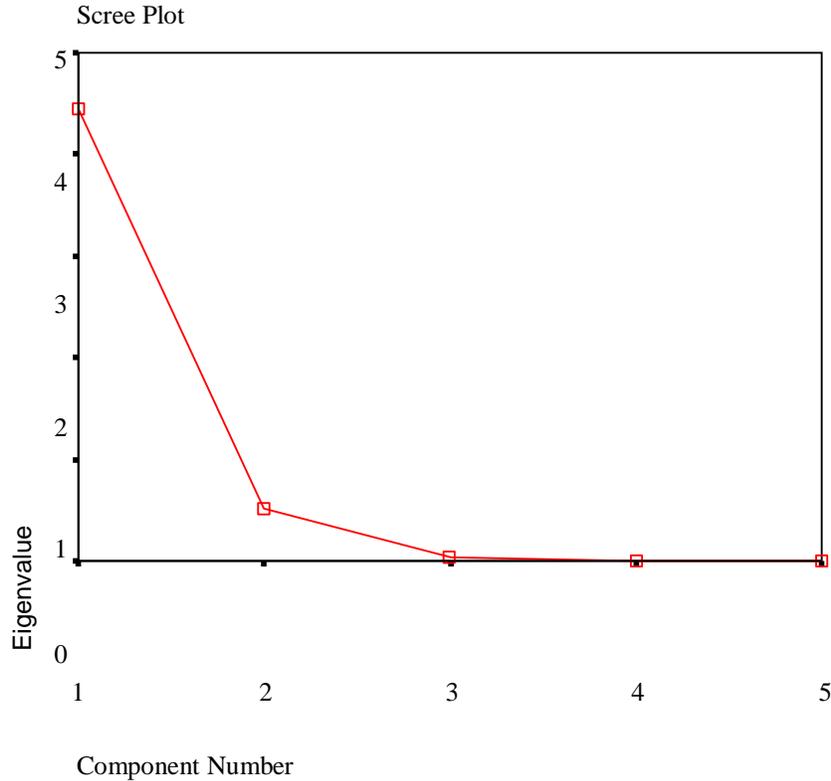


Figure 1 shows the scree plot which is obtained by plotting the factors (along X-axis) against their eigenvalues along (Y-axis). This plot shows that only one factor has eigenvalues above elbow bent; hence, only three factors have been retained in this study.

Table 6. Component Matrix

	Component
	1
2012	.988
2013	.989
2014	.747
2015	.988
2016	.980

The factor loadings of all the variables on each of the four factors have been shown in this table. Since this is an unrotated factor solution, and therefore some of the variables may show their contribution in more than one factor.

In order to avoid this situation, the factors are rotated. The varimax rotation has been used in this example to rotate the factors, as this is the most popular method used by the researchers due to its efficiency.

Variables are usually identified in a factor if their loading on factor 0.7 or more. This ensures that the factor extracts sufficient variance from that variable. Based on the table above the result shows that all factors which are from the year 2012-2016 contributed to the exports of footwear in Indonesia.

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