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Analysis of The Influence of Audit Quality, Performance and Auditor's Emotional Intelligence on Decision Making

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Abstract: Professional accountant services are needed as a guarantee that the financial statements can be trusted as a basis for decision making by internal and external parties. Many factors affect audit reports to be quality, among others, audit quality, auditor's performance and emotional intelligence. Therefore, the purpose of this study is to examine the effect of audit quality, performance and emotional intelligence on decision making. This research is a quantitative research with a descriptive approach. Sample selection using simple random sampling method. The population in this study is the auditors who work at the Public Accountant Office in the Jakarta Region which consists of 9 KAPs who are willing to fill in the questionnaire there are 5 KAPs. From the questionnaire distributed there were 42 respondents who were in accordance with the criteria for determining the sample. The data is collected and analyzed using descriptive statistics, instinct test, class assumption test, multiple regression analysis and hypothesis presentation. The elaboration results above can be concluded that partially audit quality variables, and emotional intelligence have a significant effect on decision making, but performance does not significantly influence decision making. Simultaneously audit quality, performance and emotional intelligence have a significant effect on decision making at the Public Accounting Firm in the Jakarta Region.

Keyword: Analysis Influence, Audit Quality, Performance, Auditor's Emotional Intelligence, & Decision Making

INTRODUCTION

Audit or examination is very necessary today because audit is an evaluation of an organization, system, process, or product. One type of audit is financial statements. Auditing financial statements for a company is very important to determine whether the financial statements made by management can be accounted for. Auditing financial statements must be carried out by an independent, competent, and professional party who can be called an external/independent auditor.

Auditors / independents play a very important role in providing opinions on a financial statement based on standards set by the Indonesian Accounting Association (IAI). Auditing services are widely used in both private and government companies. The economic reasons that

drive the need for auditing are based on increasingly complex social conditions and avoiding inaccuracy in financial reports. Simply put, auditing is an activity comparing a criterion (what should be) with a condition (what actually happened) Agung (2008). Arens et al (2005) in Agung (2008) define auditing as an activity of collecting and evaluating evidence carried out by competent and independent people to determine and report the level of conformity between the conditions found and the criteria set. The auditor's opinion is so important for a company, that an auditor must have good skills and competence to collect and analyze audit evidence so that they can provide the right opinion.

Auditors are required to carry out their professional skepticism so that auditors can use their professional skills carefully and thoroughly, because an auditor's professional skills affect the determination of the opinion he or she gives. So that the auditor's goal of obtaining sufficient competent evidence and providing an adequate basis for formulating an opinion is achieved properly. The increase in audit services is supported by regulations issued by BAPEPAM No. Kep-36/PM/2003 which states that companies that go public must submit financial statements prepared in accordance with Financial Accounting Standards (SAK). The existence of these regulations has resulted in many Indonesian companies requiring quality auditor services.

Audit Quality

Audit quality is a characteristic or description of audit practices and results based on auditing standards and quality control standards that are the measure of the implementation of the duties and responsibilities of an auditor's profession. Audit quality relates to how well a job is completed compared to established criteria. Audit quality is all the possibilities (probabilities) where the auditor when auditing the client's financial statements can find violations that occur in the client's accounting system and report them in the audited financial statements, where in carrying out his duties the auditor is guided by relevant auditing standards and public accountant codes of ethics.

Performance

Performance is a description of the level of achievement of the implementation of an activity/program/policy in realizing the goals, objectives, missions and visions of the organization as stated in the strategic planning of an organization. In general, performance is defined as the level of success of a person in carrying out his work. According to Vroom (1964) in Noor and Sulistywati (2010), the extent to which a person is successful in completing his work tasks is referred to as the level of performance.

Emotional Intelligence

Emotional Intelligence According to Wibowo (2002) in Melandy and Nurna (2006) emotional intelligence is the intelligence to use emotions according to desire, the ability to control emotions so as to provide a positive impact. Emotional intelligence can help build relationships towards happiness and well-being. Emotional intelligence (EQ) is the ability to know one's own feelings and the feelings of others, and to use these feelings to guide one's thoughts and behavior (Salovey & Mayer, 1990 in Trisniwati and Suryaningsum, 2003). In line with this, Goleman (2005) in Trisniwati and Suryaningsum (2003) defines EQ as the ability to recognize one's own feelings and the feelings of others, to motivate oneself, and to manage emotions well in oneself and in relationships with others. Emotional Quotient (EQ) is the ability to feel, understand, and effectively apply the power and sensitivity of emotions as a source of energy, information, connection, and human influence (Cooper and Sawaf, 1998 in Surya 2004). Peter Salovey and Jack Mayer define emotional intelligence as the ability to recognize feelings, reach out and arouse feelings to help the mind, understand. "The Role of Emotional Intelligence in Moderating the Relationship of Self-Efficacy and Professional Skepticism towards the Auditor's Responsibility in Detecting Fraud.

The role of emotional intelligence in the audit profession. Both highlight that emotional intelligence not only influences auditor performance but also plays an important role in decision making and professional responsibility, especially in detecting fraud. Thus, these studies emphasize the importance of developing emotional intelligence in audit training and practice to increase effectiveness and accuracy in detecting fraud and making the right decisions

Decision Making for Auditors

Decision making for auditors Every organization has a code of ethics or regulations that serve as a reference in making decisions that are accountable as ethical decisions. According to Nuryanto (2001), decision means choice, which is a choice from two or more possibilities. Meanwhile, according to Morgan and Cerullo as quoted by Nuryanto (2001), a decision is: "A conclusion reached after consideration, which occurs after one possibility is chosen, while the others are set aside". From this definition, it is clear that before this decision is made, a comprehensive consideration is needed regarding the possible consequences that could arise, because it is possible that the decision taken only satisfies one group or some people.

Theoretical Model

This research focuses on analysis of the influence of audit quality, performance and intelligence and decision making. Effective audit quality is expected to improve performance, intelligence, which ultimately has an impact on decision making. This model is in line with the findings of Sutrisno (2021) which highlights the synergy of these variables in growing a productive organization. By integrating these factors, this model provides a comprehensive framework for understanding decision making.

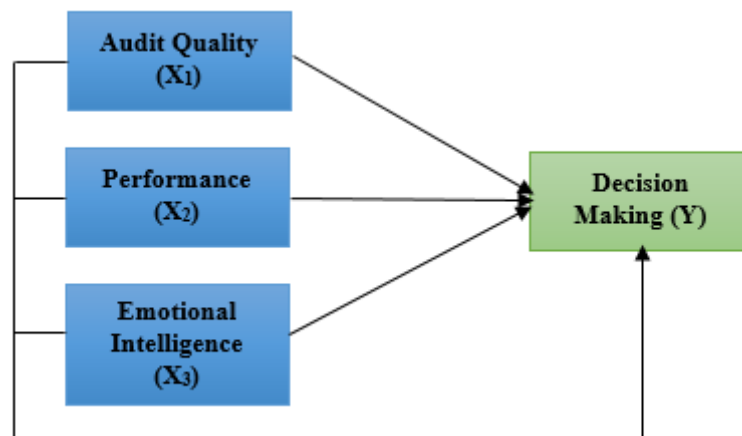


Figure 1. Framework of Thinking

Research Hypothesis

- Ho : There is no influence of audit quality on auditor decision making.
- Ha : There is an influence of audit quality on auditor decision making.
- Ho : There is no influence of performance on auditor decision making.
- Ha : There is an influence of performance on auditor decision making.
- Ho : There is no influence of emotional intelligence on auditor decision making.
- Ha : There is an influence of emotional intelligence on auditor decision making.
- Ho : There is no simultaneous influence of performance audit quality and emotional intelligence on auditor decision making.
- Ha : here is a simultaneous influence of performance audit quality and emotional intelligence on auditor decision making.

METHOD

Research Design

This study adopts a quantitative research design, which focuses on numerical data and statistical measurements to test the proposed hypothesis. Quantitative methods, as explained by Sujarweni (2015), are very useful for examining causal relationships by collecting measurable data and using statistical tools. The quantitative approach is ideal for assessing the analysis of the influence of audit quality, performance and auditor emotional intelligence on decision making, because these variables can be measured and analyzed quantitatively.

Research Location

This research was conducted at Public Accounting Firms (KAP) throughout Jakarta City. The reason for choosing Public Accounting Firms (KAP) throughout Jakarta City as the research location is because there are many KAPs that already exist and many new KAPs that have emerged. In addition, the reason for choosing the location of the KAP research object in Jakarta City is because data collection in this study was carried out through direct interviews with the informants.

Research Population

Population is people, events or anything that has certain characteristics (Indriatorio and suporno, 2002) in (kushasyandita, 2012). The population in this study were auditors who worked in Public Accounting offices in Jakarta. According to the Indonesian Institute of Public Accountants (IAPI) in the Jakarta area.

Sampling Techniques

Purposive sampling technique is used to select a sample from the population. Purposive sampling is appropriate when certain criteria must be met by the participants. In this study, the main criterion was the involvement of respondents in administrative tasks. The final sample consisted of 42 respondents, which was considered sufficient for statistical analysis.

Method of collecting data

Primary data were collected through a structured questionnaire distributed to respondents. The questionnaire was designed to measure audit quality, performance, and emotional intelligence and decision-making using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The use of a structured questionnaire ensures consistency in providing answers, thus facilitating reliable data analysis.

Instrument Validity Test

The validity of the research instrument was tested to ensure that the instrument accurately measures the intended variables. Pearson correlation analysis was used to assess the validity of each item. As stated by Solihin and Ratmono (2020), an item is considered valid if its correlation coefficient is significant at the 5% level ($p < 0.05$).

Instrument Reliability Test

Reliability is tested using Cronbach's Alpha and Composite Reliability. According to Sholihin and Ratmono (2013), a variable is considered reliable if Cronbach's Alpha and Composite Reliability exceed 0.70. High reliability indicates that the instrument consistently measures the variable on different items and respondents.

Data Analysis Methods

Data analysis was conducted using SPSS version 25, a statistical software widely used for quantitative research. The analysis involved several steps, including validity and reliability tests, classical assumption tests, coefficient of determination, and hypothesis tests.

Classical Assumption Test

Classical assumption tests are essential to ensure that the data meets the requirements for regression analysis. These tests include normality, multicollinearity, heteroscedasticity, and autocorrelation. Ensuring that the data meets these assumptions will increase the robustness and validity of the regression model.

Normality Test

The normality test is conducted to determine whether the data follows a normal distribution. As explained by Widardjono (2013), data is considered normally distributed if the Skewness and Kurtosis Critical Ratio (CR) values are in the range of -2.58 to 2.58 at a significance level of 5%.

Multicollinearity Test

Multicollinearity is tested using the Variance Inflation Factor (VIF). According to Ghazali (2018), multicollinearity does not exist if the VIF value is less than or equal to 5. Multicollinearity can distort the regression coefficients, so its absence ensures a more accurate estimate of the relationship between variables.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is calculated to assess the explanatory power of the independent variables. An R^2 value close to 1 indicates that most of the variance of the dependent variable (decision making) can be explained by audit quality, performance and emotional intelligence.

Hypothesis Testing

The hypothesis is tested using a t-test at a significance level of 5%. The hypothesis is accepted if the t-statistic value is greater than 1.96, which ensures that the findings are statistically significant. The t-test provides insight into whether each independent variable significantly influences .

Regression Model

This study uses a multiple linear regression model to test the relationship between audit quality, performance, emotional and decision. The model is stated as: $Y = b_1.X_1 + b_2.X_2 + b_3.X_3$ Where:

- X_1 represents Audit Quality
- X_2 represents Performance
- X_3 represents Emotional Intelligence
- Y represents Decision Making
- b_1, b_2, b_3 are the regression coefficients.

Interpretation of Regression Coefficients

The regression coefficients (b_1, b_2, b_3) show the magnitude and direction of the influence of each independent variable on employee performance. A positive coefficient indicates a unidirectional relationship, while a negative coefficient indicates a negative relationship. can be a relationship that goes in the opposite direction.

RESULTS AND DISCUSSION

Validity and Reliability Test Results

The output of data processing is inputted into the SPSS version 22 program as a calculation tool to unify that all the questionnaire statement items submitted have an Rcount value $> R_{table}$. The Validity Test Output, the coefficient value of the Decision Making instrument (X3) is in the first statement, which is 664 and the smallest value is in statements 1 and 2, which is 515. From the overall output results of the instrument validity test on the emotional intelligence variable (X3), all the statement items submitted are declared valid.

Reliability Test The statistical technique used for the test is Cronbach's alpha with the help of SPSS software. Cronbach's alpha is a reliability test for more than two alternative answers. According to Supramono and Utami (2004) in Ruslan (2011) in general an instrument is said to be reliable if it has a Cronbach's alpha coefficient > 0.6 .

Table 1. Reliability Test Results

Variables	Cronbach's Alpha	Information
Audit Quality	733	Reliable
Performance	878	Reliable
Emotional Intelligence	800	Reliable
Decision-making	895	Reliable

Normality Test Results

Where it is known that the points spread around the line and follow the diagonal line, and can be seen in its distribution not too far from the existing diagonal line and following the direction of the line. This states that the data is normally distributed and has met the assumption of normality. In accordance with what was said by Ghozali (2013) that if the data spreads around the diagonal line and follows the direction of the diagonal line, then the research data meets the requirements of normality.

Multicollinearity Test

If the Variance Inflation Factor (VIF) value is not more than 10, and the Tolerance value is not less than 0.1 then the model can be said to be free from multicollinearity $VIF = 1 / \text{Tolerance}$, if $VIF = 0$ then $\text{Tolerance} = 1 / 10$ or 0.1. The higher the VIF the lower the Tolerance.

Table 2. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
X1	.583	1.715
X2	.493	2.029
X3	.782	1.279

Collinearity Statistics It can be seen that the Independent variable X1 has a VIF (variance inflation factor) of $1.715 < 10.00$ tolerance value of $0.583 > 0.1$. X2 has a VIF (variance inflation factor) of $2.029 < 10.00$ tolerance value of $0.493 > 0.1$. And X3 has a VIF (variance inflation factor) of $1.279 < 10.00$ tolerance value of $0.782 > 0.1$ So it can be concluded that there is no multicollinearity.

Simple Linear Regression Test Results

Table 3. Simple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-11.014	12224	
	X1	1.087	.277	.522
	X2	.245	.222	.160
	X3	.427	.173	.284

The results of the simple regression analysis above, it can be concluded from the output that the f value is 19.646 with a significance level of 0.00 less than 0.05, then the regression model above shows a constant value of -11.014, this states that audit quality, performance, emotional intelligence and decision making are considered constant at -11.014 units. Variable X1 is audit quality with an Unstandardized Coefficients (B) value of 1.087.

Hypothesis Testing

Table 4. Result of t-test (Partial)

Model	t	Sig
1 (Constant)	-.901	.373
X1	3.923	.000
X2	1.103	.277
X3	2.470	.018

The test results above show the t-test on variable X1 that emotional intelligence has an effect on decision making. This shows a significant value of emotional intelligence of 0.000 which means it is less than 0.05 so that hypothesis 1 is accepted. The results of the t-test on variable X2 state that performance does not affect decision making. This shows a significant value of performance of 0.277 which means it is greater than 0.05 so that hypothesis 2 is rejected. The results of the t-test on variable X3 that emotional intelligence has an effect on decision making. This shows a significant value of emotional intelligence of 0.018 which means it is less than 0.05 so that hypothesis 3 is accepted.

**Table 5. F Test Results
ANOVA^a**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	763.897	3	254.632	19.646	.000 ^b
	Residual	492.508	38	12.961		
	Total	1256.405	41			

From the output results, it is known that fCount = 19.646 while fTable (df = N – K – 3) = 39, then the fTable is obtained as much as 2.85, thus the fCount value of 19.646 > fTable value of 2.85. The regression model shows that audit quality, performance and emotional intelligence simultaneously influence decision making.

The influence of audit quality obtains empirical evidence indicating that audit quality simultaneously has a significant effect on auditor decision making. While partially audit quality also affects decision making. The audit quality variable (X1) has a positive regression coefficient value with a significance level smaller than $\alpha = 0.05$. This indicates that audit quality has a positive effect on decision making. This means that the higher the audit quality produced, the conclusion is that the first hypothesis is accepted. Performance obtains empirical evidence indicating that performance simultaneously has a significant effect on auditor decision making. While partially performance does not affect decision making. The audit quality variable (X2)

has a positive regression coefficient value with a significance level greater than $\alpha = 0.05$. This indicates that performance has a negative effect on decision making. This means that the lower the performance produced, the conclusion is that the second hypothesis is rejected.

The influence of emotional intelligence obtains empirical evidence showing that emotional intelligence simultaneously has a significant effect on auditor decision making. While partially emotional intelligence also has an effect on decision making. The audit quality variable (X3) has a positive regression coefficient value with a significance level smaller than $\alpha = 0.05$. This shows that emotional intelligence has a positive effect on decision making. This means that the higher the emotional intelligence produced. The conclusion is that the third hypothesis is accepted.

In the article "Determinants of Stock Return in 10 Biggest Market Capitalization on the Indonesian Stock Exchange," it was found that Return on Assets (ROA) has a significant indirect effect on Stock Returns through mediation from Leverage, indicating the importance of financial performance metrics in influencing market outcomes. In contrast, Earnings per Share (EPS) does not demonstrate a significant effect on Stock Returns either directly or indirectly (Yosepha et al., 2024).

This finding can be related to this article "Analisis Of The Influence Of Audit Quality, Performance And Auditor's Emotional Intelligence On Decision Making," where the emphasis on performance metrics highlights the critical role of accurate financial reporting and audit quality in shaping investor perceptions and decision-making processes. Understanding how financial indicators like ROA influence stock returns complements the discussions on the broader implications of performance measures in the context of audit quality and strategic decision making.

Recommendations from these studies suggest that investors and stakeholders should focus on robust performance indicators and audit quality to make informed decisions regarding stock investments and corporate governance. Enhanced transparency and reliability in financial reporting can bridge the gap between performance metrics and investor confidence, ultimately impacting stock market behavior.

CONCLUSION

There is a Positive Influence of Audit Quality on Decision Making. This is proven by the t count of the audit quality variable having a value of 3.923 which is higher than the t table of 2.02439 with a significance value of 0.000 which means it is smaller than 0.05. The higher the audit quality, the higher the decision making.

There is a negative influence of auditor performance on decision making. This is evidenced by the t count of the performance variable value of 1.103 which is lower than the t table of 2.02439 with a significance value of 0.277 which means it is greater than 0.05. The lower the performance, the slower the decision making will be.

There is a positive influence of emotional intelligence on decision making. This is proven by the t count of the performance variable value of 2.470 which is higher than the t table of 2.02439 with a significance value of 0.018 which means it is smaller than 0.05. The higher the emotional intelligence, the higher the emotional intelligence, the easier the decision making will be.

There is a positive influence of audit quality, performance and emotional intelligence together on decision making. This is proven by the results of multiple linear regression which produces a calculated F value of 19.646 which is higher than the F table of 2.85 with a significance value of 0.000 which means it is smaller than 0.05. So the higher the Audit Quality, Performance and Emotional Intelligence and the faster the auditor makes decisions.

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