

The Role of Spiritual Intelligence in Encouraging Professionalism and Independence of Auditor to Improve Audit Quality

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Abstract: The objective of the study to obtain empirical evidence about: (1) The effect of auditor professionalisc on audit quality; (2) The effect of auditor independence on audit quality; (3) The role of spiritual intelligence in moderating the influence of auditor professionalism on audit quality, and (4) The role of spiritual intelligence in moderating the effect of auditor independence on audit quality. The hypothesis testing method uses Moderated Regression Analyzes. Data collection techniques through surveys. The type of data needed is primary data. Data collection using a questionnaire. The sample selection uses a purposive sampling method. The results of testing the data obtained empirical evidence as follows: (1). Auditor professionalism has a positive effect on audit quality; (2) auditor independence has a negative effect on audit quality; (3) Spiritual intelligence is not able to moderate the effect of auditor professionalism on audit quality; and (4) Spiritual intelligence is able to moderate the effect of auditor independenceec audit quality in a negative direction. Auditors need to maintain a professional attitude and independence in carrying out their duties. Spiritual intelligence is not always required by an auditor in maintaining his professionalism and independence.ccc

Keywords: auditor professionalism, auditor independence, spiritual intelligence, audit qualite

1. Introduction

Business decisions will have a high quality if one of them is supported by the results of quality audited financial statement. Therefore, audit quality becomes an important and inseparable part for business players in making decisions(Kilgore et al., 2011). Business decisions become more qualified if one of the bases for making these decisions is based on audit quality (Velu & Stiles, 2013). Research on audit quality has been carried out by many previous researchers, as follows: (Barrainkua & Espinosa-Pike, 2018; Beck et al., 2019; Donelson et al., 2020; Eshleman & Guo, 2020; Matrose et al., 2019; Nguyen et al., 2020; Sun et al., 2020; Xiao et al., 2020). As the client's need for quality audit services increases, there needs to be an effort to research the quality of audit results (Suryanto, 2016a). From these previous studies, there has been no research on audit quality which is related to the problems of independence, professionalism and spiritual intelligence of auditors.

To obtain quality audit results, a professional and independent auditor is needed (Barrainkua & Espinosa-Pike, 2018; Rahmina & Agoes, 2014). The independent attitude of the auditor is shown in an impartial manner towards the interests of clients, users of financial statements, as well as the interests of the public accountants themselves (Ettredge et al., 2017). Auditors are professions that are trusted to provide independent assessments of the company's financial statements, so they are required to work professionally (Anggadani et al., 2021). Professionalism means that the auditor has used the ability to carry out audits to the fullest and carry out work with high ethics (Barrainkua & Espinosa-pike, 2017). To maintain independence and professionalism, auditors need to have intelligence, especially spiritual intelligence (Pinto & Pinto, 2020).

Spiritual intelligence is intelligence in which a person has the ability to feel things, have fundamental values, and a sense of obedience to the goals in our lives, as well as the role these feelings, values and goals play in our lives, strategies, and thought processes (Upadhyay & Upadhyay, 2018). With spiritual intelligence, auditors are expected to be able to maintain independence and professionalism in doing their work (Atmadja & Saputra, 2014). This paper examines the role of spiritual intelligence in encouraging auditor professionalism and independence to improve audit quality in the auditor profession in Indonesia. With the support of the auditor's spiritual intelligence, it is hoped that audit quality can be more easily improved in providing audit services to stakeholders. When the auditor's intelligence is managed properly, it is expected that audit quality will increase further.

The purpose of this study was to obtain empirical evidence on the effect of auditor professionalism and independence, as well as the role of spiritual intelligence in moderating the effect of auditor professionalism and independence on audit quality in Indonesia. The difference between this study and previous research lies in the element of spiritual intelligence as a moderating variable in testing the variables of professionalism and auditor independence in improving audit quality. The reasons for the importance of this research include: First, in order

to produce empirical findings that are able to provide input and contribute to the role of auditors in improving audit quality in Indonesia; Second, as a religious community, the spiritual intelligence factor is expected to minimize the occurrence of violations committed by Indonesian auditors in carrying out audit assignments. Third, the results of this study are expected to assist stakeholders in making business decisions in the global era. The systematics of this paper is structured as follows: *first*, explaining the background and objectives of the research; *second*, discussing theory and hypothesis development, *third*, explaining the research methodology, *fourth* discussing the results of data testing and analysis, *fifth*, conclusions.

2. Literature Review and Hypothesis Development

The results of the study conducted (Heyrani et al., 2017) show empirical evidence that auditor professionalism has an effect on audit quality. The results of that study are confirmed by (Barrainkua & Espinosa-Pike, 2018) which shows that auditor professionalism has a positive effect on audit quality. Furthermore, (Ettredge et al., 2017) and (Rahmina & Agoes, 2014) investigated the impact of auditor independence on audit quality. The results show that auditor independence has a positive effect on audit quality. From these findings, in general it can be concluded that auditor independence has an effect on audit quality. Several previous studies have examined the relationship between professionalism and audit quality, with spiritual intelligence as a moderating variable. These studies were among others conducted by (Charkhabi et al., 2014; Kalantarkousheh et al., 2014; Pinto & Pinto, 2020; Saad et al., 2015). Their results show that spiritual intelligence can moderate the effect of professionalism and independence on the quality of assignments. From these findings, 4 hypotheses can be formulated as follows:

- Ha1: Auditor professionalism has a positive effect on audit quality.
- Ha2: Auditor independence has a positive effect on audit quality.
- Ha3: Spiritual intelligence can moderate the effect of auditor professionalism on audit quality.
- Ha4: Spiritual intelligence can moderate the effect of auditor independence on audit quality.

3. Research Methods

Respondents who participated in this study were auditors who worked in public accounting firms in Indonesia. Sample selection using purposive sampling method. Collecting data using a questionnaire sent via googleform. The measurement of the auditor's professionalism variable uses an instrument developed by Hall (1968) in (Suryanto, 2016b), consisting of 5 indicators. Measurement of auditor independence variable using an instrument developed by Mautz and Sharf (1993) in (Tepalagul & Lin, 2015) consists of 11 indicators. The measurement of the Spiritual Intelligence variable uses an instrument developed by (Ronel, 2008), consisting of 12 statement items. Measurement of audit quality variables uses an instrument developed by Wooten (2003) in (Martin, 2013), consisting of 17 indicators. The measurement scale of all variables uses a Likert scale with a maximum value of 5, from the answer to strongly agree (score 5), to the answer to strongly disagree (score 1). The hypothesis testing method uses the Moderated Regression Analysis method.

4. Result and Discussion

In the following, the test results for the four proposed hypotheses are presented.

Table 1
 Test results for hypothesis 1st and hypothesis 2nd

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	52.135	7.852		6.639	.000
	Professionalism	.257	.102	.240	2.518	.013
	Independency	-.280	.136	-.197	-2.063	.041

a. Dependent Variable: Audit_Quality

From the Table 1 above, it can be seen that *First*, the auditor professionalism variable has a positive and significant effect on the audit quality variable with a significance value of 0.013. Thus, the first hypothesis which states that auditor professionalism has a positive effect on audit quality is supported. This finding is consistent with the results of studies (Heyrani et al., 2017) and (Barrainkua & Espinosa-pike, 2017). The

consistency of these findings can be interpreted that the more professional an auditor is, the higher the quality of the audit results.

Second, the auditor independence variable has a significant effect on the audit quality variable with a significance value of 0.041, but the direction is negative. Thus, the second hypothesis which states that auditor independence has a positive effect on audit quality is not supported. This finding is inconsistent with the results of studies (Ettredge et al., 2017) and (Rahmina & Agoes, 2014). This finding can be interpreted that the more independent an auditor is in carrying out audit assignments, the less quality the audit results will produce.

Furthermore, in the following, the results of the test of the moderating variable of auditor spiritual intelligence on the partial effect of professionalism and auditor independence on audit quality are presented.

Table 2
 Test results for hypothesis 3rd and hypothesis 2th

		Coefficients ^a			
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t Sig.
1	(Constant)	60.000	3.574		16.786 .000
	PA#KS	.002	.001	.295	1.957 .053
	IA#KS	-.003	.001	-.408	-2.707 .008

a. Dependent Variable: Audit_Quality

Based on table 2 above to test the third hypothesis, it can be seen that the spiritual intelligence auditor variable is not able to moderate the effect of the auditor professionalism variable on the audit quality variable with a significance value of 0.053. Thus, *the third* hypothesis which states that spiritual intelligence can moderate the effect of auditor professionalism on audit quality is not supported. This finding is inconsistent with the results of studies (Charkhabi et al., 2014) and (Kalantarkousheh et al., 2014).

The last, the results of testing the fourth hypothesis based on table 2 show that the auditor spiritual intelligence variable is able to moderate the effect of the auditor independence variable on the audit quality variable with a significance value of 0.008, but the direction is negative. Thus, the fourth hypothesis which states that the auditor's spiritual intelligence can positively moderate the effect of auditor independence on audit quality is not supported. This finding is inconsistent with the results of studies (Pinto & Pinto, 2020) and (Saad et al., 2015).

This finding can be explained using agency theory and attribution theory. Attribution theory explains efforts to understand the causes behind other people's behavior (Martinko, 2018), while agency theory discusses the different interests between principals and agents where each party tries to maximize the desired prosperity so that information asymmetry occurs between the two parties (Solomon et al., 2021). The implications of this finding need to be a record for users of public accounting services so that in choosing the services of a public accounting firm, choose the most professional Public Accounting Firm. This has consequences for the audit fee. Usually the audit fees of a more professional Public Accounting Firm will impose a higher audit fee rate than the professionalism of the auditors under it (Cho et al., 2020). This finding is influenced by the character of respondents who have different levels of spiritual intelligence. This is a challenge for further researchers to be able to explore the findings that are inconsistent with the theory which could be due to the auditor's personal belief factor in understanding the spiritual facts experienced by each auditor.

In order to ensure that all services provided by the auditor have referred to high performance standards, users of auditor services must be sure that there is a professional ethical framework that underlies the provision of services by the auditor to stakeholders (Adekoya et al., 2020). Thus, there are two fundamental problems in the provision of public accounting services in ensuring that they continue to produce quality audits, namely problems of professionalism and independence. Therefore, there are two problems in this article, namely how an auditor can maintain his professional attitude and what is the professional role of auditors in carrying out their duties. Thus, it should be noted that the spiritual intelligence of an auditor is not always required by an auditor in maintaining the professionalism and independence of the auditor.

5. Conclusion

As the client's need for quality audit services increases, there needs to be an effort to examine the quality of audit results. The purpose of this study was to obtain empirical evidence on the effect of auditor professionalism and independence, as well as the role of spiritual intelligence in moderating the effect of auditor professionalism and independence on audit quality. The hypothesis was tested using Moderated Regression

Analyzes and the following conclusions were obtained: (1) Auditor professionalism has a positive effect on audit quality; (2) auditor independence has a negative effect on audit quality; (3) Auditor's spiritual intelligence is not able to moderate the effect of auditor professionalism on audit quality; and (4) the spiritual intelligence of the auditor is able to moderate the effect of auditor independence on audit quality, but the direction is negative.

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