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*by* Firman Menne

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## **THE INFLUENCE OF SPIRITUAL, INTELECTUAL, AND EMOTIONAL INTELLIGENCE ON AUDIT QUALITY**

Firman Menne

[firman@universitasbosowa.ac.id](mailto:firman@universitasbosowa.ac.id)

Muhammad Yusuf Saleh

Muhammad Agung Aziz

Departement of Management  
Faculty of Economics and Business  
Universitas Bosowa

### **8 ABSTRACT**

This study aims to investigate the influence of spiritual, intellectual and emotional intelligence on audit quality, case studies at Public Accounting Firms in Makassar City. Spiritual intelligence is intelligence possessed by each individual that is related to the human soul and morality. Intellectual Intelligence is possessed by organisms to adapt effectively to complex environments and always change and are influenced by genetic factors. Emotional Intelligence is an ability to understand feelings of self with others, motivate themselves and manage emotions themselves and others. Data are collected through questionnaires with 49 respondent as a number of public accountant form eight Public Accounting Firms in Makassar. Methods of data analisys using the SPSS to analyze the influence of the Spiritual Intelligence, Intellectual Intelligence and Emotional Intelligence on Audit Quality, case studies in Public Accounting Firms in Makassar City. The result of this study showed that spiritual, Intellectual, and emotional intelligence partially and simultaneously had a positive and significant effect on audit quality.

Keywords: Spiritual, Intellectual, Emotional Intelligence, Audit Quality

## INTRODUCTION

The profession of public accountant is known as service audit provider for users of financial statements. Public accountant joins in a public accounting firm (KAP) to carry out activities in accounting fields, such as attestation and non-attestation. Even the services of KAP get the attention of the Government by issuing a decree of the Finance Minister No. 108/KMK/09/1979 concerning the use of public accountant inspection reports to obtain income tax relief or accounting tax on the basis of audited financial statements by public accountants (Sunyoto, 2014 ). Besides that, since 1992 the profession of public accountant has been trusted to verify the payment of PPN and PPnBM carried out by taxable entrepreneurs (PKP).

Nowadays, being an auditor is often considered a fairly heavy profession, because it carries out large duties and responsibilities for financial reporting of a company. Auditors must have adequate qualifications to understand the criteria used and must be competent to know the type and amount of evidence to be collected to reach the right conclusion after examining the evidence.

Auditors are often in the spotlight of users of financial statements in particular and society in general, there are many failures that occur when auditors carried out their duties as financial statements examiners, such as the Arthur Adersen case in 2001 which approved the manipulation of financial statements and document destruction by Enron as its clients.

Likewise, the audit failure in the case of PT Muzatek Jaya in 2004 was carried out by KAP Mitra Winata and colleagues who violated the professional standards of public accountants (SPAP). Including the incident in 2017 that happened to British Telecom in a fraud case involving PricewaterhouseCoopers (PwC). These cases tarnish the good name of the public accounting firm including the public accounting profession (Warta Ekonomi, 2017).

Thus, auditors as the most central profession in the public accounting office are required to have three intelligences at once namely spiritual, intellectual, and emotional intelligence. These three intelligences are needed by auditors to overcome various failures in carrying out tasks and jobs, especially those related to financial statement audit problems (Fajar, 2016; Golemon, 2000; Menne et al, 2016). Auditors who have spiritual, intellectual, and emotional intelligence as well as high have an important role to facilitate the auditor in producing audit quality.

## THEORETICAL BACKGROUND

### A. Spiritual Intelligence

Generally, spiritual intelligence is intelligence possessed by each individual that is related to the human soul to know which are good and which

are bad, say true, and have a high social soul, besides that it can be used to judge oneself.

Agustian (2006) explained that spiritual intelligence is an intelligence to deal with and solve problems of meaning and value, namely to place human life behavior in the context of broader and richer meanings, and to assess that a person's actions or way of life are more meaningful than others. While Menne (2016) defines spiritual values as an encouragement to have enthusiasm and awareness of God's provisions that actually working is worship.

Fabiola (2005) described indicators of spiritual intelligence in four things as follows;

- a. Absolute honest in the sense of telling the truth and being consistent with the truth.
- b. Openness is to be fair or open
- c. Self knowledge
- d. Focus on contributions that prioritize members rather than accept.
- e. Spiritual non-dogmatic in which there is a high level of awareness, the ability to deal with and take advantage of suffering and quality of life inspired by vision and value.

## **B. Intellectual Intelligence**

Intelligence in the 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 possessed by organisms to adapt effectively to complex environments and always change and are influenced by genetic factors (Fabiola, 2005).

According to Baharuddin (2017) who cites William Stern's opinion, intelligence is the soul ability to deal with and overcome new situations and difficulties consciously, by thinking quickly and precisely. According to Sarwono (2009) who cited the opinion of Sternberg asking for intelligence as three dimensions, namely: the ability to acquire knowledge, the ability to think and logic in abstract form, and the ability to solve problems.

Factors that can affect one's intellectuals are explained as follows: Factors that can affect one's intellectuals are explained as follows

- a. Traits: is a trait and trait that is taken from birth, the "limit of our ability", namely the ability to solve a problem, first determined by our nature. There is someone who is smart and has a stupid tone. Despite receiving the same training and lessons, the differences still remain.
- b. Maturity: every organ in the human body experiences growth and development. Each organ (physical and psychological) can be said to be mature if it has achieved the ability to carry out its respective functions. Children cannot solve certain problems, because the questions are still

- too difficult for him. His organs and mental functions are still immature to do about the matter. Maturity is closely related to age.
- c. Formation: formation is all conditions outside a person that influence the development of intelligence. We can distinguish deliberate formation (as done in schools) and accidental formation (natural influences).
  - d. Typical interests and dispositions: interest in directing actions to a purpose and is an impetus for that action. In humans there are impulses (motives) that encourage people to interact with the outside world. The motive of using and investigating the outside world (manipulate and exploring motives). From the manipulation and exploration carried out on the outside world, over time arises interest in something. What interests a person encourages him to do more and better.
  - e. Freedom: freedom means that humans can choose certain methods in solving problems. Humans have the freedom to choose methods, also free in choosing problems according to their needs. The existence of this freedom means that interest is not always a condition in the act of intelligence.

### C. Emotional Intelligence

Emotions are often equated with feelings, but both can be distinguished. Emotions are more intense than feelings, so that physical changes caused by emotions are more clearly compared to feelings (Nyayu Khodijah, 2014). Further explained that emotional intelligence is the ability to recognize emotions themselves, manage, and express emotions themselves, recognize others, and build relationships with others. Thus, emotional intelligence is a person's ability to manage his emotions in a healthy manner, especially in dealing with others.

Meanwhile Goleman (2000) explained that emotions are considered as a biological and psychological state and a series of tendencies to act. Emotions are also sometimes aroused by motivation, so that between emotions and motivation often occur interactive relationships.

According to Goleman (2000) the measuring instrument used to measure emotional intelligence variables contains five indicators, namely:

- a. Self-control; Self-control includes careful and intelligent attitude in managing emotions as a foundation in knowing oneself about emotions.
- b. Motivation; Motivation includes attitudes that are the drivers of emergence or behavior.
- c. Empathy; Empathy includes the ability of one's feelings to put themselves into the feelings of others so they can understand their thoughts, feelings, and behavior.
- d. Social skills; Social skills include the ability to deal with emotions when dealing with other people.

- e. Relationship Management; the ability to handle emotions well when building relationships with others, including in terms of maintaining relationships with others with a more emotional approach.

#### **D. Audit Quality**

Audit according to Sunyoto (2014) is a process pursued by someone who is competent and independent in order to gather and evaluate evidence regarding measurable information from an entity (unit) of business to consider and report the conformity level of the measured information to the criteria that have been set. While according to Mulyadi and Kanaka (1998) states that the audit is a systematic process to obtain and evaluate evidence objectively about statements about activities and economic events with the aim of determining the level of conformity between the statement of the statement with the criteria set, and the delivery of results to interested users.

Meanwhile to measure audit quality, Alifzuda (2016) defines audit quality as the profitability of an auditor to find and report fraud that occurs in the client's accounting system. The probability of finding fraud depends on the auditor's technical abilities (such as auditor experience, education, professionalism, and company structure). The auditor's probability of reporting fraud that occurs in the client's accounting system depends on the independence of the auditor.

Audit quality is a possibility where the auditor when auditing the client's financial statements can determine the violations that occur in the client's accounting system and report them in audited financial statements, where in carrying out their duties the auditor is guided by auditing standards and report codes that the auditor's financial statements are guided by auditing standards and the relevant code of ethics of public accountants. The auditor can give an opinion in his report that the financial statements audited present fairly the financial position and results of the company.

#### **E. Hypothesis**

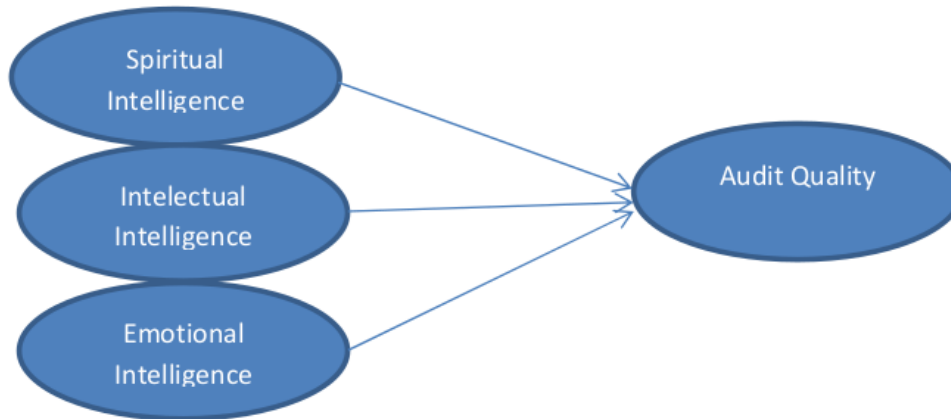
The hypotheses developed in this study are described as follows:

- H1 : Spiritual Intelligence has a positive and significant effect on audit quality
- H2 : Intellectual Intelligence has a positive and significant effect on audit quality
- H3 : Emotional Intelligence has a positive and significant effect on audit quality
- H4 : Spiritual Intelligence, Emotional Intelligence, Intellectual Intelligence simultaneously have a positive and significant effect on audit Quality.

## F. Contextual Framework

To describe the research framework, the research model was developed as follows:

**Figure 1.** Research Model



## METHODOLOGY

The study was conducted in Makassar City at 9 Public Accounting Firms. The sample is part of the number and characteristics possessed by the population (Sugiyono, 2009). The number of respondents is all auditors from KAP as many as 55 people, but who returned the questionnaire only 49 people with the distribution of respondents as follows:

**Table 1.** List of KAP and Number of Auditors in Makassar

No.	KAP	Number of Auditor
1.	KAP Ardaniah Abbas	5 Person
2.	KAP Benny, Tony, Frans & Daniel (Cabang)	4 Person
3.	KAP Bharata, Arifin, Mumajad & Sayuti (Cabang)	2 Person
4.	KAP Dra. Ellya Noorliswati & Rekan (Cabang)	5 Person
5.	KAP Drs. Harly Weku & Priscillia (Pusat)	4 Person
6.	KAP Drs. Rusman Thoeng, M.Com, BAP	4 Person
7.	KAP Drs. Thomas, Blasius, Widartoyo & Rekan	6 Person
8.	KAP Yakub Ratan & Rekan	7 Person
9.	KAP Usman & Rekan (Cabang)	11 Person
10.	KAP Yaniswar & Rekan	7 Person

The analytical method used in this study is the method of multiple regression analysis using SPSS for windows software. Testing this hypothesis is done by using a multiple linear regression analysis method that aims to test the influence relationship between one variable to another variable. Audit

quality variables are influenced by spiritual, intellectual and emotional variables. The equation model can be described as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Information:

Y	: Audit Quality
X <sub>1</sub>	: Spiritual Intelligence
X <sub>2</sub>	: Intellectual Intelligence
X <sub>3</sub>	: Emotional Intelligence
$\alpha$	: Constant
$\beta$	: Regression Coefficient
$\varepsilon$	: Error

## RESULTS

To analyze data and test hypotheses, descriptive statistical results are presented from the results of the respondent's answers as follows:

**Tabel 2.** Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Intellectual Intelligence	49	3,38	4,54	194,39	3,9671	,30651
Emotional Intelligence	49	3,40	4,80	197,70	4,0347	,26025
Spiritual Intelligence	49	3,85	4,77	206,93	4,2231	,23239
Audit Quality	49	3,76	4,71	208,77	4,2606	,23091

Source: Processed Data, 2019

Furthermore, to test the validity of the research hypothesis, ANOVA models as presented in Table 3. In Table 3 the significance is 0.003 (<0.05), which means that simultaneously all independent variables (spiritual, intellectual and emotional intelligence) have a positive and significant effect on audit quality.

**Tabel 3.** Result of ANOVA Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	197,794	3	65,931	5,433	0,003
1 Residual	546,053	45	12,134		
Total	743,837	48			

a. Dependent Variable : Audit Quality

Meanwhile, partially each independent variable has a significant effect on audit quality agreed in Table 4. Spiritual intelligence and emotional intelligence with a significance value of 0.001 while intellectual intelligence with a significance value of 0.036.



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**Tabel 4.** Result of t-test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	42,241	10,09		4,187	0
Kecerdasan Intelektual	,455	0,21	0,301	2,163	0,036
Kecerdasan Emosional	,456	0,127	0,463	3,58	0,001
Kecerdasan Spiritual	,596	0,169	0,456	3,515	0,001

a. Dependent Variable: Audit Quality

### DISCUSSION

The results of this study indicate that spiritual intelligence has a very important role in improving audit quality, because with the support of spiritual values, the auditor will increase honesty and compliance with existing rules. These spiritual values will encourage auditors to work well, including in the case of making audit reports. The results of this study are in line with the opinion of Fajar (2016) who said that spiritual intelligence has a positive effect on audit quality.

Similarly, the intellectual intelligence variable, the results of the study show that intellectual intelligence has a positive effect on audit quality. An auditor who is equipped with intellectual intelligence is able to adapt effectively to a complex environment including in terms of examining financial statements. So that intellectual intelligence is able to encourage an auditor to do a good job. The results of this study are in line with the opinions of Fauziyyah Iswandi (2017) and Fransiska Naibaho (2015).

Emotional intelligence also shows a positive relationship to audit quality. This shows that emotional intelligence gives a person's ability to manage emotions in a healthy manner in establishing relationships with other people. So that the auditor will feel comfortable working and not have any pressure at work (Nyanyu Khodijah, 2014), this will certainly affect the birth of a quality audit report.

The results of this study also show that simultaneously all the independent variables namely spiritual, intellectual and emotional intelligence have a positive and significant effect on audit quality. This shows that if an auditor integrates spiritual, intellectual and emotional intelligence will give birth to the character of a great auditor who can deliver himself to conduct a good examination, free from various interventions, influences and pressures that can interfere with his independence. These three intelligences can contribute positively in improving the quality of the performance of an auditor.

### FURTHER STUDY

Constraints in the study were found in terms of the lack of auditors and the involvement of all existing auditors. In addition, the auditors who were respondents in this study only focused on the Public Accounting Firm or an independent auditor, so that in the future such research could involve internal auditors or government auditors working in government agencies to obtain maximum results

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