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The Effect of Role Conflict, Self-Efficacy, Professional Ethical Sensitivity on Auditor Performance with Emotional Quotient as Moderating Variable

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Abstract

This study examines the influence of role conflict, self-efficacy, professional ethical sensitivity to auditor performance with emotional quotient as moderating variable. Respondents in this study are auditors who work for public accounting firms in Pekanbaru, Batam, and Medan, Indonesia. The samples in this study are 145 auditors from 29 public accounting firms. Purposive sampling method was used to determine the samples, while the multiple regression and moderate regression analysis were used to test the hypothesis. The result shows that the role conflict negatively and significantly affects auditor performance. Self-efficacy and professional ethical sensitivity are positively and significantly affect auditor performance. Further analysis found that emotional quotient mediates the relationship among role conflict, self-efficacy and sensitivity of professional ethic on auditor performance.

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Keywords: role conflict; self-efficacy; professional ethical sensitivity; emotional quotient; auditor performance

1. Introduction

In line with accounting purposes, one of the services rendered by public accountants is to conduct an examination of the financial statements of a company and then provide an opinion on these financial statements. The public as users of financial statements expect that accountants have fulfilled their responsibilities so well so that the financial statements that have been examined can be used as a basis for decision making. Therefore to provide qualified services, accountants should do their job with integrity, objectivity, and professionalism.

Accountant as an auditor must continually demonstrate his dedication to achieve high-quality performance. The poor performance of auditors has huge implications for the business community. The accounting scandals that occurred such as cases of Enron Corporation, WorldCom, Tyco International, Kanebo Ltd., and American International Group (AIG) are some examples of cases which were highlighted to the world due to poor performance of public accountants. In Indonesia, The Accountants and Appraisers Supervisory Center (in Indonesia called PPAJP-Pusat Pembinaan Akuntan dan Jasa Penilai), Ministry of Finance reported that in 2010 one public accountant had been penalized with license revocation and 17 branches of Accounting Firms had been penalized with license suspension (www.ppajp.depkeu.go.id/sanksi2010) due to the poor performance of auditors. This condition has still not improved, because in July 2015 The Accountants and Appraisers Supervisory Center also reported one Public Accounting Firm which had been penalized with license suspension (www.ppajp.dpkeu.go.id).

Based on the above description, accountants and accounting firms need to learn what factors are contributing to the performance of auditors. Some factors that might increase or decrease auditors' performance are the high occurrence of role conflict, self-efficacy, and sensitivity to the auditor's professional ethics. In addition, emotional quotient is expected to strengthen or moderate the relationship among role conflict, self-efficacy and sensitivity of professional ethics on auditors' performance (Cartwright and Pappas, 2007; Hanafi, 2010; Surya, 2004).

This study has two objectives. Firstly, to examine the effect of role conflict, self-efficacy and professional ethical sensitivity on auditors performance, and secondly to examine the moderating effect of emotional quotient on the relationship among role conflict, self-efficacy and professional sensitivity on auditors performance. The results of this study are expected to enhance our understanding about factors that affect auditors' performance so the performance of auditors can be increased. The remainder of this paper is structured as follows. The next section discuss on hypothesis development. The third section explains the research methods used in this study. The fourth section reports and discusses the results of the study and the last section provides a conclusion, implication, limitation and suggestion for future study.

2. Literature Review and Hypotheses Development

2.1 Role conflict and the auditor performance

Role conflict is a conflict that arises from bureaucratic control mechanism of the organization which is not in accordance with the norms, rules, ethics, and professional independence. The condition usually occurs because two different commands are received simultaneously, and the execution of one command alone will cause the other order to be neglected (Robin and Judge, 2009).

Auditor is confronted by a potential conflict of roles in carrying out their duties. Role conflict arises because of the mismatch between expectations conveyed in individual within the organization with others inside and outside the organization (Tsai and Shis, 2005; Koo and Sim, 1997). The potential effect of role conflict is very sensitive, both for individual and organization in the sense of emotional consequences, such as high work pressure, job dissatisfaction, and lower performance (Fanani, 2008).

Role conflict can cause discomfort at work and lowered auditors' motivation. This condition will yield a negative impact on auditor and would decrease the overall performance of auditors. This discussion leads to the first hypothesis:

H1: Role conflict affect to the auditor performance

2.2 Self-efficacy and auditor performance

Self-efficacy is the perception or belief of self-reliance (Bandura, 1997). Self-efficacy can be regarded as personal factors that distinguish one individual to the others and changes in self-efficacy can cause changes in behavior, especially in the completion of tasks and goals (Philip and Gully, 1997 in Engko, 2006). Individuals who have high level of self-efficacy will be able to finish the job or achieve certain goals, and they will also try to set another higher goal. Individuals who have high self-efficacy in a particular situation will devote all of their efforts and attention in

accordance with the demands of the situation in achieving the objectives and performance that has it determined (Judge and Bono, 2001).

Nadhiro (2010) found that self-efficacy influences the performance of the auditor in making an audit judgment. It can be concluded that individuals with high self-efficacy will have good mindset and their motivation are higher thus they will always try to achieve the goal that would have an impact on improving performance. Based on the discussion above the second hypothesis is proposed:

H2: Self-efficacy affects the auditor's performance.

2.3 Sensitivity of Professional Ethics and Auditor's Performance

Sensitivity of professional ethics is defined as the ability to recognize the nature of ethics in a situation where the auditor must take a decision (Hunt and Vitell, 1986 in Aziza, 2008). In carrying out his profession as an auditor, the auditor is expected to be more sensitive in understanding the problem of professional ethics. The auditor should implement ethical standards and support the objectives of the professional norm which is one aspect of a commitment to the professional. High commitment is reflected in the high degree of sensitivity to issues related to professional ethics. This ethical understanding will drive attitudes, behaviors, and actions of auditors to achieve better results.

In a study conducted by Ariyanto and Jati (2010), it is found that the higher the sensitivity level of professional ethics of auditors, the more productive the auditors will be. This finding is also supported by Choiriah (2013), who has proved that the professional ethics positively and significantly affect auditors' performance. By understanding the code of conduct or ethics, auditors will direct their attitudes, behaviors, and actions in performing their duties and obligations and strives to maintain the quality of work. Thus, it can be concluded that the sensitivity of professional ethics among the auditors will direct the attitudes, behaviors, and actions of auditors in achieving better results, or in other words, can improve the quality of work of auditors. Based on the discussion above, the following is proposed:

H3: Sensitivity of professional ethics affects the auditor's performance.

2.4 The moderating effect of emotional quotient on the relationship between role conflict and auditor performance

Role conflict occurs when a person is in a situation of pressure to perform different and inconsistent tasks at the same time. Role conflict that occurs in a person will cause stress that can damage and harm one's goal achievement. When stress occurs continuously and prolonged, it will reduce personal accomplishment (lack of self-achievement), and will eventually lead to the low level of job satisfaction and low desire to continue working in the company. Role conflict can cause discomfort in the work place and may reduce the motivation to work because it has a negative impact on individual behavior.

Emotional quotient is the ability to recognize our own feelings and others feelings, to motivate ourselves and to manage our emotions well and to manage our emotion in relationships with others (Golemen, 2002). It is expected that a person who faces the role conflict can still carry out their duties properly, because they have high emotional quotient so they have an ability to manage conflict so that they can negotiate and solving the disagreement to get the same purpose. Emotional quotient is the ability to recognize our own feelings and others feelings, to motivate ourselves and to manage our emotions well and to manage our emotion in relationships with others. It is expected that a person who faces the role conflict can still carry out their duties properly, because they have high emotional quotient so they have an ability to manage conflict thus they can negotiate and solve the disagreement to get the same purpose.

Rahmawati (2011) found that role conflict significantly affects the performance of the auditor and emotional quotient moderates the relationship between role conflict and auditors' performance. So, it concluded that emotional quotient can affect the relationship between role conflict and performance of auditors. Based on above discussion, the fourth hypothesis is proposed:

H4: Emotional quotient moderates the relationship between role conflict and emotional quotient

2.5 The moderating effect of emotional quotient on the relationship between self-efficacy and auditor performance

Self-efficacy is the condition of a person motivation based on what they believe rather than what is objectively true (Bandura, 1997). Such personal perception plays an important role in the development of a person's intentions regarding his chances in successfully achieving certain tasks. When an employee has the confidence to finish the task in certain situations, the success in completing the task is getting high. The probability of task accomplishment will increase if accompanied by a high level of confidence (self-efficacy). High self-confidence can be obtained from special factors such as empathy, self-discipline and initiatives, that can affect a person's confidence; the factor known as Emotional Quotient (EQ). On the other hand, emotional quotient can affect the relationship between self-efficacy on the auditor's performance. Thus, it is hypothesized that;

H5: Emotional quotient moderates the relationship between self-efficacy and auditor's performance.

2.6 The moderating effect of emotional quotient on the relationship between sensitivity of professional ethics and auditor performance

The principles in the code of professional conduct issued by the AICPA stated that the profession recognizes its responsibilities to the public, clients and colleagues in which each party has a different interest. The responsibility could pose a dilemma which could eventually bring a reason to do something or not. In this aspect, the professional ethics is an attempt to find a way to resolve the dilemma by considering the most ethical decisions in solving a problem. Therefore, in carrying out their profession, auditors are expected to be more sensitive in understanding the problem of professional ethics. The auditor should implement ethical standards and support the objectives of the professional norm which is one aspect of professional commitment. High commitment is reflected in the high level of sensitivity as well. Fostering a sense of sensitivity is required in emotional control, known as emotional intelligence.

Emotional intelligence (emotional quotient) is associated with the ability to control impulse in self-control and empathy (Goleman, 2002). Self-control is related to the ability to understand itself, to not lose self-control thus cause self-defeating, meanwhile empathy regards the ability to understand another person to avoid actions that harm others. With self-control and empathy, ethical decisions can be obtained. Thus, it can be concluded that the emotional quotient will affect the relationship between the sensitivity of professional ethics and auditor's performance.

H6: Emotional quotient moderates the relationship between the sensitivity of professional ethics and the auditor's performance.

3. Research Methods

3.1 Population and sample

The population of this study are independent auditors who work for Public Accounting Firm in three cities in Sumatera Island, Indonesia, namely Pekanbaru, Batam and Medan, Indonesia. The sample consists of a total of 145 auditors from 29 public accounting firms which were determined by using purposive sampling method. Questionnaires were sent directly to targeted respondents and 90 responses were then analyzed.

3.2 Measurement

This research studied five variables namely role conflict, self-efficacy, professional ethical sensitivity, emotional quotient and auditors' performance. These variables were measured by using the instruments already developed and used in previous research; namely the instrument for auditors' performance from Yuresta (2011), role conflict from Fanani et al., (2008). Self-efficacy from Chen et al (2001), sensitivity of professional ethics from Aryanto and Mutia (2010) and Emotional Quotient (EQ) from Rahmawati (2011).

4. Results and Discussion

4.1 Descriptive statistics of respondents

A total of 145 questionnaires were distributed and 100 questionnaires were returned (68.97%). Due to the missing value only 90 responses were then analyzed (62.07%). Table 1 presents the demographics details of respondents

Table 1. Demographics details of Respondents

Demographic Variable	Classification	Frequency	%
Gender	Male	48	53.33
	Female	42	46.67
Education	Diploma	5	5.56
	Undergraduate	82	91.11
	Master	3	3.33
Work Experience	1-3 years	49	54.44
	>3-5	19	21.11
	>5-7	9	10
	>7	13	14.44
Current Position	Junior Auditor	43	47.78
	Senior Auditor	35	38.89
	Supervisor	8	8.89
	Manager	3	3.33
	Partner	1	1.11

4.2 Descriptive statistics of variables

Table 2 shows the descriptive statistics of variables.

Table 2. Descriptive statistics of variables

	Theoretical Range	Actual Range	Mean	Standard Deviation
Role Conflict	7-35	16-35	26.47	3.995
Self-Efficacy	8-40	19-40	31.12	4.300
Sensitivity of professional ethics	10-50	29-50	41.74	4.696
Emotional Quotient	14-70	28-60	46.32	6.906
Auditors' Performance	12-60	28-50	46.93	7.274

4.3 Results and discussion

Before testing the hypotheses proposed, validity and reliability testing are done to ensure the validity and reliability of the instrument. Based on the validity and reliability tests, all variables are valid and reliable ($r > 0.207$; Cronbach Alpha > 0.7).

Hypothesis testing in this study is done by using regression analysis. The results are shown on the table 3 below:

Table 3. Hypothesis test results

		B	t-value	Sig
H1	The effect of role conflict on auditor's performance	-0.305	-3.002	.003
H2	The effect of self- efficacy on auditor's Performance	0.966	6.525	.000
H3	The effect of sensitivity of professional ethic on auditor's performance	0.940	7.158	.000
H4	The moderating effect of emotional quotient on the relationship between role conflict and auditors' performance	-0.059	-2.264	.026
H5	The moderating effect of emotional quotient on the relationship between self- efficacy and auditors' performance	0.067	3.110	.003
H6	The moderating effect of emotional quotient on the relationship between sensitivity of professional ethic and auditor's performance	0.064	3.350	.001

Based on Table 3, we can conclude that the role conflict affect negatively on the auditor performance ($\beta = -0.305$, $t\text{-value} = -3.002$, $p = 0.003$). Hence, H1 is accepted. This showed that the role conflict, which is a psychological symptom experienced by the auditors arises from the two sets of conflicting demands, causing discomfort in the work places so that decreasing the overall performance of auditor.

Table 1. shows that self-efficacy and sensitivity of professional ethic are positively and significantly affect auditor performance ($\beta = 0.966$, $t\text{-value} = 6.525$, $p = .000$ and $\beta = 0.940$, $t\text{-value} = 7.158$, $p = .000$). Hence, H2 and H3 are accepted. The confidence of self-ability enables auditor to work harder and apply the best efforts. Thus it can be concluded that self-efficacy improve the auditor performance. The data of this study also proved that the understanding of the code of conduct or ethics, directs the auditor on the attitude, behavior, and actions to carry out their duties and obligations with maintaining the quality, image and dignity of the auditor. Thus it enhances the performance of auditors.

The results of moderated regression analysis found that emotional quotient moderates the relationship between role conflict and auditor performance ($\beta = -0.059$, $t\text{-value} = -2.264$, $p = .026$), the relationship between self-efficacy and auditors' performance ($\beta = 0.067$, $t\text{-value} = 3.110$, $p = .003$) and professional ethical sensitivity-auditors' performance relationship ($\beta = 0.064$, $t\text{-value} = 3.350$, $p = .001$). Hence, H4, H5 and H6 are accepted.

The data of this study proved that auditors who have good emotional quotient are able to manage their emotions better so they are able to resolve existing role conflict. Having good emotional intelligence, auditors are able to maintain good performance because it is supported by the ability to survive even in an uncomfortable situation.

Emotional quotient enhances auditor's empathy, self-discipline and initiatives that affect a person's self-confidence. Thus the relationship between self- efficacy and auditor performance is strengthened by emotional quotient. Through emotional quotient auditors are able to control impulse of self-control and empathy. Self-control is related to the ability to understand themselves to not lose self-control that can cause self-defeating, meanwhile empathy which is related to the ability to understand another person to avoid actions that can harm others. With self-control and empathy, ethical decisions can be obtained.

5. Conclusion

This study was conducted to 140 auditors from 29 public accounting firms in three cities in Indonesia. The final data consists of 90 responses were then used to test the hypotheses proposed. This study found that self-efficacy and sensitivity of professional ethics had positive effect on auditor performance while role conflict had negative effect on auditor performance. The findings suggest that auditor with high level of self-efficacy and high level of professional ethical sensitivity would yield high performance. In contrast, role conflict would decrease the performance of auditor. Furthermore, data of this study proved the mediating role of emotional quotient on the relationship among role conflict, self-efficacy and professional ethical sensitivity on auditor performance.

This study adds up to our understanding about the moderating role of emotional quotient. Emotional quotient could enhance auditors' performance even in uncomfortable situation. As emotional quotient can be increased through training and experience (Goleman, 2002; Abdolvah et al., 2012) it is important for public accounting firm to continually enhance auditor performance through training in emotional quotient.

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