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THE EFFECT OF CORPORATE GOVERNANCE MECHANISMS ON EXTERNAL AUDITOR'S SELECTION
(Empirical Study on Manufacturing Company Listed on BEI Year 2014-2016)

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Abstracts
This study aims to examine the effect of corporate governance mechanism on external auditors selection at manufacturing companies listed on the Stock Exchange in 2014-2016. The purpose of this study is to examine the effect of majority shareholders on external auditors selection. The size of the board of commissioners against external auditors selection. Audit committee size against the selection of external auditors. Level of leverage to external auditors selection. The population in this study is manufacturing companies listed on Indonesian Stock Exchange in 2014-2016. Data analysis Methods using statistical analysis of Multiple Regression with Eviews. This study results show that majority shareholder has significant effect, the size of board of commissioner has significant effect, audit committee has no effect and leverage have significant effect.

Keywords: majority shareholder, board size, audit committee, and leverage to external auditors selection

I. Introduction

The company conducts auditor selection in order to obtain a high quality audit, because the selection of auditors is a selection process undertaken by the company to choose a public accounting firm as a provider of audit services among the many public accounting firms that exist with variations of audit quality. Companies need considerations in conducting the selection of qualified auditors such as consideration of knowledge, skills, independence and adequate competence. This leads to the selection of auditors an important decision and should be considered carefully by the company. The financial sector has a very important role to the growth of the country's economy, so it is important for companies to have a good corporate governance mechanism. The role of external auditors in corporate governance mechanisms is very important as a supervisor in the process of corporate financial statements (Ashbaugh, et al, 2013).
Lin and Liu's (2010) study results on corporate governance mechanisms on the selection of external auditors, suggest that firms with majority shareholders or CEOs and chairmen of commissioners with the same person would be less likely to hire 4 top auditors in China. So the weakness of the company in choosing a quality auditor because of lack of benefits corporate governance mechanisms in the company.
Cheng (2010) study results on auditor selection that effect management in corporate governance both externally and internally related to earnings management (Chinese state study), states that the result that high quality auditors provide a more significant corporate governance mechanism because of the influence demographics and characteristics in corporate governance management so as to effect auditors selection. With CEOs with academic and professional certifications, CEOs tend to choose high-quality auditors for their companies.
Markali (2012) study results on the relationship of corporate governance mechanism with the selection of auditors in financial sector business entities go public. states that if good corporate internal governance mechanisms will lead to a tendency for companies to choose high quality auditors. The purpose of this study is to prove empirically about:

1. The effect of majority shareholder on external auditors selection
2. The effect of size of the board of commissioners on external auditors selection
3. The effect of audit committee on external auditors selection
4. The Effect of task leverage on external auditors selection

The objectives of this study are to supplement knowledge and insights, especially those related to majority shareholder, the size of the board of commissioners, audit committee and leverage.

The importance of this study review provides better and more precise information on the quality of the audit results for decision making. Auditors selection is the determination of who the auditor deems relevant to provide an assessment of the company's overall financial and operating conditions

II. Literature Review

1. *Corporate Governance*

Corporate governance is a concept based on agency theory, is expected to serve as a tool to provide assurance to investors that they would receive a return on the funds they have invested (Herawaty, 2009). While Corporate Governance is a proposed concept for improving company performance through supervision and monitoring of management performance and ensuring management accountability to stakeholders based on regulatory framework (Nasustion, 2010). According to the Forum for Corporate Governance in Indonesia (FCGI, 2004) corporate governance is a set of rules that establishes relationships between shareholders, managers of companies, creditors, governments, employees and other internal and external stakeholders related to their rights and obligations, or in other words a system that regulates and controls the company. Corporate Governance includes a set of relationships between a company's management, the board of management, shareholders and others with an interest in the company (Putra et al, 2014). Corporate governance is one of the key elements to improve economic efficiency, which includes a range of relationships between company management, board of commissioners, shareholders, and other stakeholders. Corporate governance also provides a structure that facilitates the determination of the goals of a company, and as a means to determine the performance monitoring techniques (Ujiyanto, 2010).

2. Majority Shareholder

The ownership structure has a significant influence on CG mechanisms and company performance (Schleifer and Vishny, 2010). Claessens and Fan (2012) reveal that the characteristics of the ownership structure determine the agency issues that occur. In companies in countries such as the United States and the United Kingdom that have a diffused ownership structure, agency problems occur between outside investors and agents, where agents act as pure professionals and relatively have no significant ownership in the company. While in Asia, where most of the big companies have a concentrated ownership structure, the agency problem shifts from issues between shareholders and agents to conflicts between controlling shareholders and minority owners. The company's largest shareholding is chosen because it is considered influential in policy making within the company including the external auditor selection policy. In some previous studies it has been suggested that high concentrations of stock ownership will be the solution of the agency conflict between majority shareholders or controllers with minority shareholders (Gomes, 2010). That is because the majority shareholder is considered to have the competence and credibility to advance the company and will not violate the rights of minority shareholders.

3. Size of the Board of Commissioners

Wardhani (2011) states that the board of directors in a company will determine the policy to be taken or the company's strategy in the short term and long term and the role of board of commissioners in a company is more emphasized on the monitoring function of the policy directors. Chen (2012) revealed that there is a positive influence between the size of the board of commissioners and the level of corporate governance because the more the number of members of the board of commissioners the supervisory function will be more stringent or more effective. The fewer members of the board of commissioners will reflect weaker Corporate Governance mechanisms that will allow for greater profit-making by the controlling shareholders and the possibility of choosing a quality auditor will be even smaller as the shareholder wants to retain the benefits. Forker (2010) in Ho and Wong (2011) and Nofsinger and Mohr (2010) stated that a growing number of members of the board of commissioners increased oversight of the quality of financial statement disclosure and reduced the profitability of the hidden information. According to Company Law No. 40 of 2007, the board of commissioners is the organ of the company responsible for general supervision.

4. Audit Committee

The main task of the audit committee in principle is to assist the board of commissioners in performing the oversight function of a company's performance. The supervisory function performed by the audit committee is primarily concerned with an internal control system of the firm, then provides adequate assurance on the quality of the financial statements and improves the effectiveness of the audit function which is then verified by the external auditor. So the audit committee can be said to function as a bridge between corporate liaison with external auditors (Balafif, 2010). According to IDX and Capital Market and Financial Report Supervisory regulations, every public company listed on the IDX is required to have an independent audit committee with a minimum membership of three, consisting of one independent commissioner as chairman and at least two independent external parties as members. Related to one of the audit committee functions in terms of supervising the preparation of the company's financial statements, if the role of the audit committee is truly effective, the company should present a high quality audit report.

5. *Leverage*

A company that has high financial leverage berartil has a lot of hutalng on outside pihlak. With a high leverage ratio then the company will have difficulty in paying the loan and interest. To overcome this, before the creditor gives the loan, the creditor asks for an independent party, namely the public accountant to check the company's financial statements, whether the comparative value of debt and assets has met certain percentages so as to ensure the certainty that the company can pay off the debts that have matured. Abdel-Khalik (2012) states that the owner requested an external audit in order to comply with the limits granted to the organization by the creditor. Chow (2009) states that the higher the ratio of debt in a firm's capital structure, the higher the likelihood of a company using the services of a public accounting firm. This is based on the assumption that when the composition of debt in the capital structure increases, the owners tend to transfer the wealth from the creditors, therefore the creditors have a greater desire to use the services of a qualified public accounting firm (KAP). The results of research conducted by Chow (2010), Nasir (2010), Susilowati (2011) and Sumanto (2011) found that leverage affects the demand for external audit services. While Kono (2011) found that leverage does not affect the demand for external audit services.

6. Research Framework and Previous Studies

The framework of this research is to describe the effect between independent variables and the dependent variable as follows:

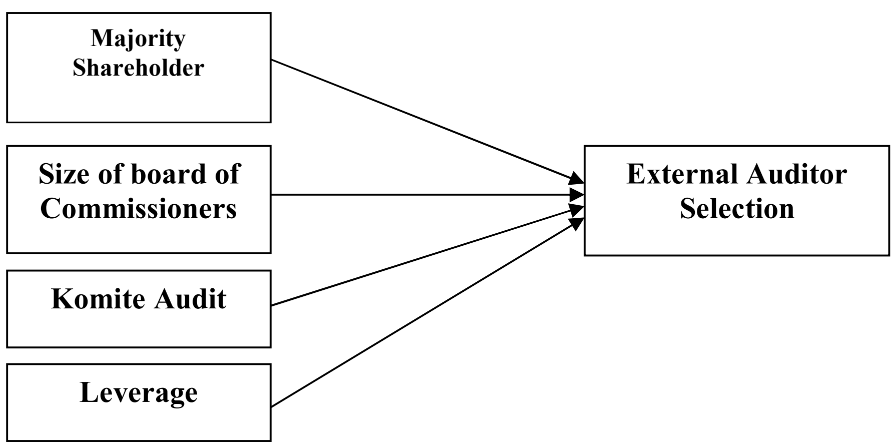

Figure
Research Framework

7. Hypothesis Development

1). The Effect of Majority Shareholder on External Auditors Selection

Managerial ownership is an investment to the company by the management of the company, the board of directors of the company, or the party authorized to run the company's operations. Imanta and Satwiko (2011) stated that with managerial ownership, managers as operators of the company as well as shareholders, will be encouraged to act in accordance with shareholder wishes by improving performance and responsibility in achieving prosperity for shareholders. This shows the greater the percentage of ownership of shares owned the more likely to choose a qualified external auditors. This result is not support Lin and Liu's research (2009) in his study found that firms with the highest percentage of ownership of higher shares will have a lower probability of choosing a qualified auditor because the controlling shareholder wants to retain the advantage they can get through financial reporting not transparent.

Based on the description, the hypothesis of this study as follows:

H1: Majority Shareholder has a effect on External Auditors Selection

2). The Effect of Board of Commissioner's Size on External Auditors Selection

Indonesia adopted a dual board system, consisting of boards of directors and board of commissioners. Wardhani (2010) states that the board of directors in a company will determine the policy to be taken or the company's strategy in the short term and long term and the role of board of commissioners in a company more emphasis on the monitoring function of the policy directors. Based on the agency perspective, the monitoring function is crucial in minimizing agent opportunistic actions and reducing agency costs, indicating that there is a positive board of commissioner's size towards the of External Auditor selection. According to Company Law No. 40 of 2007, the board of commissioners is a part of the company that has the duty to conduct general and / or special supervision in accordance with the articles of association and give advice to the directors. Through a study in China, Chen (2011) in the Obe Efrem Markali study, and Felizia Arni Rudiawarni (2012) stated that there is a positive effect between the size of the board of commissioners and the level of corporate governance because the more the number of members of the board of commissioners the supervision function will be more effective. The fewer members of the board of commissioners will reflect the weaker CG mechanism so that it will allow for greater profit making by the controlling shareholder and the possibility of choosing a quality auditor will be even smaller as the shareholder wants to keep his profits. The addition of members to the board of commissioners can also be interpreted as the addition of expertise within the council. Members of the board of commissioners who have expertise in a particular field are able to provide valuable advice in the preparation of strategy and organization of the company (Fama & Jensen, 2010). In relation to the supervisory and advisory function, a larger board of commissioners will be able to perform its functions better.

Based on the description, the hypothesis of this study as follows:

H2: Board of Commissioner's Size has a Effect on External Auditors Selection

3). The Effect of Audit Committee on External Auditors Selection

The role of the audit committee is effected by several characteristics that have been demonstrated in previous studies, namely the independence, activity, size, and competence of the audit committee. The influence of these characteristics is seen as one unity and measured in scores. IDX and Market Place and Financial Statement Supervisory regulations require the independence characteristics of the audit committee. Therefore, the effectiveness differences of the audit committee are assumed to be influenced only by the characteristics of activity, size, and competence. If the company has sufficient members of the audit committee, the audit committee should oversee the financial reporting process more effectively, then can provide information to the company in selecting a good quality external auditor. The development of regulations that explain the audit committee and its functions in more detail will have an impact on the audit process in the corporate environment whether it is internal or external audit. In accordance with the function and purpose of the establishment of the audit committee, the process of supervising the financial statements, auditor selection and audit fees will depend on the quality of the audit committee owned by the company and will affect the quality of the External Auditor used (Rainsbury et al. 2009) in Dedi Putra (2014). However, not all related to the financial statements can be monitored by the audit committee in which in the process of making financial statements, the management has the greatest rights and responsibilities in intervening against corporate accountants and in determining the External Auditor. This study shows that the Audit Committee did not affect the External Auditor selection (Iatridis 2011).

Based on the description, the hypothesis of this study as follows:

H3: Audit Committee has a Effect on External Auditors Selection

4). The Effect of *Leverage* on External Auditors Selection

Mansi et al. (2009) and Kim and Song (2011) stated that in order to increase the credibility and reliability of accounting information, a high-quality auditor can assist the debtor to signal the quality of the credit and minimize the risk of financial information. Broye and Weill (2011) in the research of Antonius Singgih Setiawan, Yusef Widia Karsana, Ichsan Setiyo Budi, and Drajat Armon (2015) concluded that companies are more protecting the creditor's rights by choosing a large auditor for their company. This relates to providing reliable financial information, so by choosing a qualified auditor, the company strives to provide information quality assurance through the use of high quality auditors. This is supported by the findings of Almutairi (2013) which found a positive correlation between leverage and the quality of auditors in the context of specialist auditors.

Based on the description, the hypothesis of this study as follows:
H4: *Leverage* has a Effect on External Auditors Selection

III. Research Method

This research uses a method of causal research with associative hypothesis that aims to test about effect of one or more variables on the variable causality, between a variable (Indenpenden / Xn) with other variables (Dependent Variable / Yn). In this case it consists of: X1 = majority shareholder, X2 = board of commissioner size, X3 = audit committee, X4 = leverage, and Y = external auditor selection. This research requires hypothesis testing with statistical test.

1. Definition and Operationalization of Variables

Variables are everything that will be the object of observation in the research in the form of a concept that has variations in value. In this research will be revealed independent variable (independent variable) and dependent variable (dependent variable, independent variables are:

a) Majority Shareholder (X1) as a Independent variable

b) Board of commissioner size (X2) as a Independent variable

c) Audit Committee (X3) as a Independent variable

d) *Leverage* (X4) as a Independent variable

e) External Auditor Selection (Y) as a Dependent variable

Operational definition of a variable is a definition given to a variable by giving meaning, or providing an operational needed to measure that variable. The Operational Definition Variables used by the author in conducting the preparation of research are:

1. External Auditor Selection
   Dependent variable in this study is the Selection of Public Accounting Firm is a public accountant office services appointed by the company to audit financial statements. This research uses logit model because the dependent variable used is binary or dummy variable. These variables distinguish between high quality external auditors and lower quality external auditors. The sample will be worth 1 if the company chooses the Big Four public accounting firm, while the sample will be 0 if the company chooses a public accounting firm other than the Big Four.
2. Majority Shareholder
   Majority Shareholder variable is measured from the percentage of share ownership of Majority Shareholder indicating the percentage of share ownership of Majority Shareholder compared to the number of shares outstanding.
3. Board of Commissioner
   Board of commissioners size is measured by number of board of commissioners owned by the company.
4. Audit Committee

   The number of audit committee members can affect the effectiveness of the audit committee's functioning. Under the terms of the IDX and Market Place and Financial Statement Superviory, the total number of audit committee members of a company shall be 3 (three) persons. The criteria of assessment used are Good if the number of audit committee members is more than 3 (three) persons, Fair if the total of audit committee members is 3 (three) persons, Poor if the total number of audit committee members is less than 3 (three) persons. Indicators that get good score will be given score 3, fair given score 2, and poor score 1.
5. *Leverage*

   Leverage is defined as a financial leverage that measures how much a company uses debt to finance its assets. Leverage is measured using the ratio of total liabilities to total assets (Bolak et al., 2013).

Table 5.1

Measurement Scale

VARIABLES WHICH MEASURED	INDICATOR	DESIGN
DEPENDENT VARIABLE (Y)		
External Auditor Selection	distinguish between external auditors including the Big Four and not the Big Four *(Dummy).* 1 : Auditor *Big Four* 0 : Auditor *Non Big Four*	Causal Research Model
INDEPENDENT VARIABLE (X)		
Majority Shareholder	percentage share ownership of majority shareholder when compared with the number of shares outstanding	Causal Research Model
Board of Commissioner Size	the number of board of commissioners owned by the company	Causal Research Model
Audit Committee	the number of audit committee members of a company	Causal Research Model
Leverage	Total liabilities divided by total assets	Causal Research Model

2. Data Analysis Method

Data analysis methods using Multiple Regression statistical analysis with Eviews.

1. Descriptive Statistic

Descriptive analysis method based on financial statements that have been collected and then analyzed. This analysis is used to provide descriptive of the research variables: External auditor quality, corporate governance covering majority shareholder, board size, audit committee size, and leverage that can be seen from the standard deviation, mean (average), the amount of data, and median.

2. Regression Analysis

Multiple regression analysis has a method of simple regression analysis. If the parameters of a functional relationship between one dependent variable with other independent variables are more than one variable, where regression analysis will be done with respect to multiple regression. The formulas to be used are none other than the development of the formulas used in simple regression. (Moh Nazir, 2011). To determine the best model will be determined by determining the model. Model to be used is Panel Data Model. The use of both tests in the selection of the best model of panel data regression is shown by the following figure:

a. Chow Test

Chow test is a test to compare common effect model with fixed effect (Widarjono, 2009). Chow test in this study using Eviews program. The hypotheses to be formed in the Chow test are as follows:

H0 = *Common Effect Model*

H1 = *Fixed Effect Model*

Ho is not accepted if P-value is smaller than a value. Otherwise, Ho is accepted if the P-value is greater than a value. A value that is used is 5%.

b. Test Hausman

This test compares the fixed effect model with random effect in determining the best model to be used as a panel data regression model (Gujarati, 2012). Hausman test using a similar program with Chow test is as follows:

H0 = *Random Effect Model*

H1 = *Fixed Effect Model*

Ho is not accepted if P-value is smaller than a value. Otherwise, Ho is accepted if the P-value is greater than a value. A value that is used is 5%.

3. *Hypothesis*

Hypothesis test that will be used in research using Multiple Regression analysis because independent variable more than one. Parameters of a functional relationship between the dependent variable (External Auditor Selection) with more than one Independent variable (Moh. Nazir, 2011). The relationship of two dependent variables with independent variables as follows:

$$AUD = \alpha + \beta 1\ MOWN + \beta 2\ SB + \beta 3\ AUDCOM + \beta 4\ LEV + €$$

Note:

AUD = External Auditor Selection (*Big Four/Non Big Four)*
α = Constants Value
β1,2,3,4 = Variable Coefficient
MOWN = Majority Shareholder
SB = the number of Board of Commissioner (*supervisory board)*
AUDCOM = the number of committee audit
LEV = *Leverage*
€ = *Error*

IV. Research Results and Discussion

1. Hypothesis Test

a. Determination Coefficient

Determination coefficient of measures the extent of the model's ability to explain the variation of the dependent variable. Determination coefficient value is between 0 and 1. So the value of adjusted R2 approaching 1 then the better the ability of the model in explaining the dependent variable. The calculation determination coefficient results as follows:

Table 6.9
Hasil Uji Koefisien Determinasi

R-squared	0.837364	Mean dependent var	0.541667
Adjusted R-squared	$\boxed{0.831707}$	S.D. dependent var	0.500350
S.E. of regression	0.205261	Akaike info criterion	-0.288294
Sum squared resid	4.845195	Schwarz criterion	-0.172148
Log likelihood	22.29763	Hannan-Quinn criter.	-0.241127
F-statistic	148.0252	Durbin-Watson stat	0.801180
Prob(F-statistic)	0.000000		

Table 6.9 shows that the panel data regression equation has an Adjusted R-Squared value is 0.8317 which means 83.17% of dependent variable variation is the external auditor selection can be explained by majority shareholder, Board of Commissioners size, the size of the audit committee, and Leverage . While the remaining 16.83% is explained by other variables outside the research model.

b. Simultaneous Significance Test (F Test)

F test is performed to find out whether the independent variables as a whole or jointly are statistically significant in influencing the dependent variable. If F arithmetic value greater than F table value then the independent variables as a whole or jointly affect the dependent variable. Hypothesis used (Gujarati, 2003):

Table 6.10
F Test Results

R-squared	0.837364	Mean dependent var	0.541667
Adjusted R-squared	0.831707	S.D. dependent var	0.500350
S.E. of regression	0.205261	Akaike info criterion	-0.288294
Sum squared resid	4.845195	Schwarz criterion	-0.172148
Log likelihood	22.29763	Hannan-Quinn criter.	-0.241127
F-statistic	148.0252	Durbin-Watson stat	0.801180
Prob(F-statistic)	0.000000		

Probability F-statistic value of 0.0000 and less than 0.05 indicates that simultaneously independent variables used in the model significantly effect the dependent variable, that is external auditors selection.

c. Partial Significant Test (T-test)

T-test aims to determine the magnitude of effect of each independent variable individually on the dependent. Hypothesis used. T test results as follows:

Table 6.11
T Test Results

Dependent Variable: AUD
Method: Least Squares
Date: 11/13/16 Time: 12:15
Sample: 1 120
Included observations: 120
White heteroskedasticity-consistent standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.730663	0.163040	4.481492	0.0000
MOWN	-1.542402	0.133776	-11.52974	0.0000
SB	0.109037	0.020228	5.390523	0.0000
AUDCOM	-0.004232	0.045818	-0.092358	0.9266
LEV	0.412444	0.076960	5.359172	0.0000

The regression equation is as follows:

AUD = 4,481492 – 11,52974MOWN* + 5,390523SB* - 0,092358AUDCOM* + 5,359172LEV*
****) significant in 5 % alpha***

From the above regression equation can be interpreted:

1) The MOWN variable has a t value is -11.52974 and the sig value. or p-value is 0.0000 or less than alpha 0.05, this indicates that the MOWN variable significantly effect on the external auditors selection.

2) The SB variable has a t value is 5.390523 and the sig value. or p-value is 0.0000 or less than alpha 0.05, it shows that the SB variable has a significant effect on the external auditor's selection.

3) The AUDCOM variable has a t value of -0.092358 and the sig value. or p-value is 0.9266 or greater than alpha 0.05, this indicates that the AUDCOM variable has no effect on the external auditor selection.

4) The LEV variable has a t value of 5.359172 and the sig value. is 0,0000 or less than alpha 0,05, it shows that LEV variable has significant effect on external auditor election.

In this study, majority shareholder (MOWN) has a significant effect on external auditors selection. Coefficient value is -1.542402 indicates that the effect of MOWN on external auditors selection is negative, when MOWN increase by one, then external auditors selection will decrease by 1.542402. In this case it can be said that majority shareholder will affect on external auditors selection. Obe Efrem Markali, and Felizia Arni

Rudiawarni stated that MOWN has a positive effect on external auditors selection at the company. The level is significant 0.012 and not significant at 5%. In Desti Maharani study (2012), majority shareholder significantly effected external auditors selection with a significant level is 0.00035 under 0.05. The results show that the existence of majority shareholder affects the selection of qualified external auditors at the company.
Based on statistical tests results, SB (the Board of Commissioners size) has a significant effect on the external auditors selection. Coefficient value is 0.109037 indicates that the effect of SB on the external auditors selection is positive, when the SB increase by one, then the external auditors selection will increase by 0.109037. In Desti Maharani study (2012) Board of Commissioners Size with significant 0,00335 and significant at 1%. This indicates that the variable of the board of commissioners size has a positive effect on the external auditors selection. In Dedi Putra's research (2014) the board of commissioners size has a positive and significant effect on external auditors selection with significant 0.0005 below 0.05.
Audit committee size in research on external auditors selection. Coefficient value is -0.004232 with significant value of 0.9266 above 0.05 indicates that there is no effect of AUDCOM on external auditors selection. In Desti Maharani's study (2012) the effect of audit committee size on external auditors selection significant level of 0.09470 and significant at 10%. This indicates that audit committee size has a positive effect on external auditors selection. In research Dedi Putra (2014) audit committee size effect on external auditors selection with significant 0.0529 below 0.10.
Leverage level in statistical testing has a t value is 5.3592 and the value of sig. equal to 0,0000 or less than alpha 0,05, it shows that Leverage variable has significant effect to external auditor election. Coefficient value is 0.412444 indicates that the influence of leverage on the selection of external auditors is positive. In Antonius Singgih Setiawan, Yusef Widia Karsana, Ichsan Setiyo Budi, and Drajat Armon (2015), leverage shows a significant level is 0.890 greater than the 5% alpha. This indicates that leverage does not affect the external auditors selection.
In Cok Istri Ratna Sari Dewi, and Ni Made Dwi Ratnadi study(2014) leverage with significant 0,0185 and significant at 5%. This indicates that the leverage variable has a positive effect on the external auditors selection.

V. Conclusion and Suggestion

1. Conclusion

Based on analysis results and research discussion, it can be concluded as follows:

1. Implementation of Professional Ethics has a significant effect on Decision Making for Auditors at Public Accounting Office of DKI Jakarta. The results of this study provide empirical evidence that Decision Making For Auditors effected by variables Implementation of Professional Ethics.

2. Emotional Intelligence has a positive and significant effect on Decision Making for Auditor at Public Accounting Office of DKI Jakarta. The higher one has Emotional Intelligence the higher the Decision Making For the Auditor is formed. The results of this study provide empirical evidence that Decision Making for Auditors is effected by emotional intelligence variables.

2. Suggestion

Based on analysis results, discussion and conclusions that have been described previously, the authors provide suggestions that can be used as input or consideration for the parties concerned as follows:

1. This research is expected to be useful for students, academics, Audiotor as well as other researchers as well as shaping the character of an ethical Auditor even though the opportunities that exist out there offer and lead to utilization to perform unethical actions in decision making on the auditor's opinion of the financial statements.

2. By this Research the parties concerned can determine the steps that need to be applied in overseeing and assessing the implementation of good professional ethics, and as a reference to establish rules and policies on decision-making for auditors. The findings in this study can be used as a motivation for auditors in Public Accounting Firm (KAP), which is accommodated by the Indonesian Institute of Public Accountants (IAPI) and the community so as to increase awareness of the Auditor with training related to the development of emotional intelligence on decision making for the auditor.

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