

## The Influence of Locus of Control, Professional Ethics and Client Narcissism on Audit Judgement (Empirical Study on East Jakarta Public Accounting Firm)

Novawiguna Kemalasari<sup>1</sup>, Reyfira Putriranti<sup>2</sup>, Yananto Mihadi Putra<sup>3\*</sup>, Riri Pratiwi<sup>4</sup>

<sup>1,4</sup> Institut Pariwisata Tedja Indonesia, Jakarta, Indonesia

<sup>2,3</sup> Universitas Mercu Buana, Jakarta, Indonesia

(\* ) Corresponding Author: [yananto.mihadi@mercubuana.ac.id](mailto:yananto.mihadi@mercubuana.ac.id)

### Article Info:

### Abstract

#### Keywords:

Audit Judgment;  
Locus of Control;  
Professional Ethics;  
Client Narcissism;  
Auditor;

#### Article History:

Received : 16-12-2024  
Revised : 23-01-2025  
Accepted : 09-02-2025

#### Article DOI :

<https://doi.org/10.70550/pelita.v2i1.116>

Audit judgement by auditors is a crucial element in determining the fairness of the company's financial statements. The quality of audit judgement can be influenced by various factors, including technical factors such as the limited time and environment of the audit as well as non-technical factors such as the behavior and character of individual auditors. Seeing this phenomenon, special attention is needed to factors that are suspected of influencing the auditor's decision-making process, both internal auditor factors such as Locus of Control and Professional Ethics, as well as external factors from the client's side in the form of Client Narcissism. This study aims to determine the influence of these factors on the quality of audit judgment, especially for auditors at Public Accounting Firms (KAP) in the East Jakarta region. This study uses a quantitative approach with data analysis using Partial Least Square (PLS) through the SmartPLS 3.0 application. The research sample consisted of 74 auditors working at KAP East Jakarta, who were selected based on the criteria of a minimum of 1 year of experience and a minimum of S1 education. The results of the study show that Professional Ethics has a positive and significant effect on Audit Judgment, meaning that the better the application of ethics by the auditor, the better the quality of the audit judgement produced. However, Locus of Control and Client Narcissism did not show a significant influence on audit judgment. These findings suggest that auditors' self-control attitudes and client character do not significantly affect the quality of audit considerations. Based on the results of the study, Professional Ethics has a significant influence on the quality of audit judgment, while Locus of Control and Client Narcissism have no significant effect.

**How to cite :** Kemalasari, N., Putriranti, R., Putra, Y. M., & Pratiwi, R. (2025). The Influence of Locus of Control, Professional Ethics and Client Narcissism on Audit Judgement (Empirical Study on East Jakarta Public Accounting Firm). *Pelita : Jurnal Penelitian, Terapan Dan Aplikatif*, 2(1). <https://doi.org/10.70550/pelita.v2i1.116>



This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/). Any further distribution of this work must maintain attribution to the author(s) and the title of the work, journal citation and DOI.

Published under licence by Bacadulu.net Publisher.

## INTRODUCTION

Financial statements are an important tool in communication between companies and various external parties, such as investors, creditors, and regulators. This report provides useful information about the company's financial condition, managerial performance, and management of existing resources. The financial statements consist of financial position

statements, income statements, cash flow statements, and equity change reports, which have an important role in the decision-making process by various stakeholders, such as investors, creditors, and regulators (Kieso et al., 2017). To ensure that the financial statements presented by the company are trustworthy and reflect the real conditions, an evaluation by an external auditor is required. The auditor's job is to assess the fairness of the financial statements and provide an opinion on the resulting reports. This assessment, known as audit judgement, is one of the most crucial aspects of the audit process (Sari & Ruhayat, 2017).

Audit judgement includes the auditor's ability to make objective and appropriate decisions based on existing evidence. The quality of this audit judgement is influenced by various factors, both technical and non-technical factors (Prameswari, et. al, 2024). Technical factors, such as limited time and resources in conducting audits, often limit the auditor's ability to conduct a thorough assessment (Utami, et. Al, 2020). On the other hand, non-technical factors, such as the behavior, personal character of the auditor, and the characteristics of the client, also play an important role in shaping the quality of the audit judgement produced (Azizah & Pratono, 2020). In this context, factors such as the auditor's locus of control, the professional ethics upheld by the auditor, and the narcissistic character of the client can affect the quality of the decisions taken.

Locus of Control is a concept that refers to how much individuals believe that the outcome of their actions is determined by internal factors (such as personal abilities and efforts) or by external factors (such as luck or fate) (Raiyani & Saputra, 2014). Auditors who have an internal locus of control tend to trust that the decisions they make are based on their own abilities and efforts, while auditors with an external locus of control rely more on external factors to influence the results of the decisions they make. Understanding auditors' locus of control can provide insight into how they make decisions in stressful situations in audits.

In addition to the locus of control, professional ethics also play an important role in audit judgment. This ethics is reflected in the auditor's commitment to comply with the code of ethics set by the profession, as stipulated in the Code of Ethics of the Indonesian Institute of Accountants (IAI). High professional ethics are believed to result in better quality judgement audits because auditors who maintain their integrity and objectivity tend to make more accurate and accountable decisions. On the other hand, failure to enforce professional ethics can reduce the quality of audit decisions and increase the possibility of bias in the audit process (Putra, 2016).

In addition to the auditor's internal factors, client characteristics, particularly client narcissism, also have the potential to affect audit judgment. Client narcissism refers to the tendency of clients to have excessive self-confidence, prioritize personal interests, and desire attention and admiration from auditors. This narcissistic character can create pressure for auditors to make objective and appropriate decisions. Research by Johnson et al. (2013) shows that client narcissism can change auditors' perception of clients and affect the quality of the resulting audit judgments. Therefore, it is important for auditors to understand the dynamics of relationships with clients and manage the influence of those narcissistic characters in decision-making.

A number of previous studies have examined the factors that affect audit judgment. Research by Sari and Ruhayat (2017) found that professional ethics have a positive influence on the quality of audit judgment. They show that auditors who adhere to their profession's code of ethics tend to produce more accurate and accountable audit judgments. This is in line with the findings of another study by Putra (2016), which showed that auditors who have a high commitment to professional ethics will be more careful in making decisions, which ultimately improves the quality of audit judgment.

Another study by Azizah and Pratono (2020) revealed that auditors' locus of control has an influence on audit decision-making. Auditors with internal locus of control tend to rely more

on their own abilities and efforts in determining audit decisions, while auditors with an external locus of control may rely more on external factors in the decision-making process. These results suggest that auditors' locus of control can affect how objective they are in assessing financial statements.

In addition, research by Johnson et al. (2013) shows that client narcissism can affect audit judgment. Clients with narcissistic characters tend to want more attention and recognition from auditors, which can create pressure for auditors to make decisions. Auditors may be influenced by the client's desire to obtain a more favorable outcome for them, which can undermine the objectivity in audit judgment. Therefore, understanding client narcissism is important for auditors to maintain integrity and objectivity in audit decision-making.

Although a lot of research has been done, there are some gaps in the literature that still need to be explored. Most previous studies have focused more on technical factors in audit judgment, such as limited time and resources, while non-technical factors such as auditor individual behavior and client characteristics, such as narcissism, have received less attention. In addition, although many studies have explored the influence of locus of control and professional ethics on audit judgment, the influence of client narcissism on audit judgement has not been widely explored, especially in the Indonesian context. Therefore, this study aims to fill this gap by examining the influence of locus of control, professional ethics, and client narcissism on audit judgement in Indonesia.

## LITERATURE REVIEW

Audit judgement is an important element in ensuring the fairness of the financial statements presented by the company. The decision taken by the auditor is highly dependent on the understanding and evaluation of the existing evidence. Audit judgement is not only influenced by technical factors, but also by non-technical factors related to the characteristics of auditors and clients. In this study, the factors that are considered to affect the quality of audit judgement are the locus of control of the auditor, professional ethics, and client narcissism.

### 2.1 Attribution Theory

Robbins (2003) said that attribution theory is a theory that explains how to determine the motives or causes of a person's behavior which are divided into internal and external. In this study, attribution theory is linked to the activity of making audit judgements which can be influenced by internal and external factors. Examples of internal factors are the locus of control and professional ethics. When the auditor has a good locus of control and upholds his professional ethics, it will result in good judgment. The external factor is the client's narcissism. Auditors will have difficulties if the client has a narcissistic character in his personality. Therefore, attribution theory is very suitable to be used to assess how to make the right judgement in each situation that will be faced.

### 2.2 Motivation Theory

According to Herzberg (1959), motivation theory is a theory that causes a person to act in an organization or work, there is motivation to produce work that produces good according to its purpose. Auditors must have high motivation in order to create good audit judgement results. An auditor who has high motivation is not affected by bad things in producing a judgment.

### 2.3 Audit Theory

According to Hayes et al (2014), the definition of audit is an objectively systematic process to obtain and evaluate evidence regarding assertions about economic events and activities to ascertain the level of relevance between the assertion and the established standards and to communicate the results to interested parties. The party who conducts the auditing is called an auditor. The auditor's task is to determine whether the representation (assertion) is really reasonable, to evaluate the fairness can examine whether the financial statements are in accordance with generally accepted accounting standards (GAAP) (Agoes, 2017).

## 2.4 Judgement Audit

Sari and Ruhayat (2017) revealed that audit judgement is a personal assessment or perspective of each auditor in understanding information that can affect the documentation of audit evidence and decision-making of auditors' thoughts on an entity's financial statements, audit judgement is attached to every thought process and condition of an employee, in this case the pressure that exists is caused by the work environment in which the employee works. Judgement in audit depends on the quality of the trust obtained through the collection and development of evidence, the collection and development of evidence requires an analytical effort on the facts behind the assertion being audited (Safitri, 2017).

## 2.5 Audit Standards Audit Judgement

Based on SA 200, carrying out professional judgement in a given case is based on facts and conditions known to the auditor. Professional judgement is needed in making decisions about (IAPI, 2016):

- a. Audit materiality and risk
- b. The nature, timing and scope of the audit procedures used to meet the requirements of the SA and collect audit evidence
- c. Evaluation of whether sufficient and appropriate audit evidence has been obtained and whether further evaluation is needed to achieve the objectives of the SA and the overall objectives of the auditor
- d. Evaluation of management's considerations in implementing the financial reporting framework applicable to the entity
- e. Drawing conclusions based on audit evidence obtained, for example, an assessment of the fairness of the estimates made by management in preparing financial statements

## 2.6 Locus of Control

According to Sari and Ruhayat (2017), locus of control is a person's attitude that reflects a person's level of belief about the extent to which their behavior or actions affect what success or failure they experience. The locus of control consists of two, namely the internal locus of control and the locus of external control (Simbolon et al., 2019). Individuals with internal locus of control tend to assume that skills, abilities, and effort determine what they gain in their lives. Individuals who have an internal locus of control have the belief that the fate in their life is under their control. Meanwhile, individuals who have an external locus of control tend to believe that their lives are determined by forces from outside themselves, such as fate, destiny, luck, and other people in power (Safitri, 2017).

## 2.7 Professional Ethics

Ethics is a moral thought and consideration that provides a basis for a person or community to carry out an action. According to Armanda and Ubaidillah (2014), ethics provide guidelines for a person to be able to determine the good or bad or wrong of an action to be taken. The ethics of the accounting profession in Indonesia are regulated in the Indonesian Code of Ethics for Accountants. The Code of Ethics for the Public Accountant Professional is an ethical rule that must be applied by members of the Indonesian Institute of Public Accountants or IAPI and professional staff who are members of IAPI and non-IAPI members who work at one Public Accounting Firm (Putra, 2016).

## 2.8 Client Narcissism

Narcissism is defined by Morf & Rhodewalt in 2001 as narcissism is a personality pattern that has a sense of pride in oneself, prioritizing one's own interests, and a desire for more attention to oneself, narcissistic characters tend to do deviant things to achieve their dreams such as success, power and brilliance. This character makes a person live with narcissism in the interpersonal stage with deviant acts, demanding attention and admiration from others. The level of narcissism of a client will be seen by the auditor as a form of character that can rationalize the fraud that occurs (Johnson et al, 2013).

## 2.9 Attribution Theory and Audit Judgement

Attribution theory, as put forward by Robbins (2003), states that individuals tend to seek explanations for the behavior of others and themselves based on internal or external factors. In the context of audit judgment, this theory is relevant because auditors often have to assess whether a

particular event or action is caused by internal factors within the client's organization or by external factors. This assessment plays an important role in auditor decision-making in determining the fairness of the audited financial statements (Putra, 2018).

In audit judgment, internal factors such as the auditor's locus of control are related to how much the auditor believes that the results they achieve are influenced by their personal abilities (internal locus of control) or by external factors such as fate and luck (external locus of control) (Raiyani & Saputra, 2014). Auditors with an internal locus of control tend to believe that they can control the outcome of an audit through their own efforts, while auditors with an external locus of control tend to feel that factors beyond their control play a greater role in the decisions they make.

### **2.10 Motivational Theory and the Role of Professional Ethics**

Herzberg's (1959) motivational theory emphasizes that motivational factors encourage individuals to work better and achieve organizational goals. In this case, auditors who have the motivation to carry out their profession with integrity and professionalism are expected to produce better audit judgments. This theory is also relevant to understanding the importance of professional ethics in auditor decision-making. Professional ethics are moral guidelines applied by auditors in making decisions that are objective and free from unauthorized external influences. Strong ethics are expected to reduce bias in auditor assessments and improve the quality of audit judgement (Putra, 2016). The code of ethics issued by the Indonesian Institute of Accountants (IAI) provides guidelines that every auditor must follow in carrying out their professional duties. Auditors who are committed to adhering to this code of ethics will be more likely to make objective and accurate decisions, especially in the face of pressure from clients who may have personal interests (Armanda & Ubaidillah, 2014).

### **2.11 Client Narcissism and Its Influence on Audit Judgement**

Client narcissism can be an external factor that affects the quality of audit judgment. The narcissistic character shown by the client, such as excessive self-confidence and the need to get more attention from the auditor, can create pressure for the auditor to make objective decisions. Client narcissism, as described by Morf & Rhodewalt (2001), can cause individuals to focus more on their self-interest and ignore the facts at hand. In the context of auditing, this can affect the auditor's perception of the client and the audit results they produce.

Research by Johnson et al. (2013) shows that auditors who face clients with narcissistic characters can be affected by the client's desire to gain recognition, which can ultimately reduce the objectivity and quality of the audit judgment. Auditors must be able to manage interactions with narcissistic clients to ensure that decisions made are based on valid and objective evidence.

### **2.12 Hypothesis of the Influence of Locus of Control on Audit Judgement**

Based on attribution theory, the internal locus of control is expected to have a positive effect on the quality of audit judgment. Auditors with an internal locus of control have the belief that success or failure in an audit is determined by their own abilities and efforts. Therefore, they tend to be more thorough and objective in assessing audit evidence and making more qualified decisions. In contrast, auditors with an external locus of control may feel that outside factors, such as luck or luck, have a greater influence on the audit results, which can reduce the quality of their audit judgments.

Hypothesis 1A: The locus of control has a significant positive effect on audit judgement.

### **2.13 Hypothesis of the Influence of Professional Ethics on Audit Judgement**

Professional ethics play an important role in maintaining the integrity and objectivity of auditors in decision-making. Auditors who uphold professional ethics will be more careful in making decisions and will prioritize the public interest over personal or client interests. Therefore, the higher the professional ethics that the auditor has, the better the quality of the audit judgement produced.

Hypothesis 2A: Professional ethics have a significant positive effect on audit judgment.

### **2.14 Hypothesis of the Influence of Client Narcissism on Audit Judgement**

Client narcissism can put pressure on auditors to make objective decisions. Clients with narcissistic characters tend to try to influence auditors to give them more favorable judgments. This can

undermine the objectivity and quality of the audit judgement produced. Therefore, client narcissism is expected to have a negative influence on the quality of audit judgment.  
Hypothesis 3A: Client narcissism has a negative effect on audit judgment.

## RESEARCH METHODS

The method in this study uses a quantitative approach to evaluate the influence of three factors on the quality of audit judgment, namely the auditor's locus of control, professional ethics, and client narcissism. This study aims to explore the relationship between these variables and how they affect the quality of audit judgement in the context of auditors working in Public Accounting Firms in East Jakarta. This research process began with data collection, followed by data analysis using the right statistical technique, namely Partial Least Square (PLS) through the SmartPLS 3.0 application.

The population in this study consisted of auditors working in Public Accounting Firms registered with the Indonesian Public Accountants Association in 2021, totaling 74 auditors. The researcher used the purposive sampling method to select a sample that was in accordance with the predetermined criteria, namely auditors who have at least one year of experience and a minimum of S1 education. The data collected is primary data obtained through the distribution of questionnaires submitted to auditors who meet these criteria.

The variables in this study consisted of four main elements measured using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5). The first variable is audit judgement which is measured using five main indicators related to the auditor's decision-making process in evaluating the fairness of financial statements. The second variable is the locus of control, which is measured to identify the extent to which auditors believe that the outcome of their decisions is determined by internal factors (such as ability and effort) or external factors (such as fate or luck). The third variable is professional ethics, which is measured by how much auditors adhere to the code of ethics that apply in their profession, particularly in fair and objective decision-making. The final variable is client narcissism, which is measured by assessing the extent to which the client's narcissistic character can influence the auditor's perception and decisions in the audit process.

The data collection process was carried out by distributing questionnaires to auditors working at Public Accounting Firms in the East Jakarta region. The questionnaire distributed included questions related to each of the variables studied, and each auditor was asked to rate the statements based on their experience in audit practice. Data collection is carried out over a specific period, and the data received is then analyzed using appropriate statistical methods.

To conduct data analysis, this study uses the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique through the SmartPLS 3.0 application. This technique was chosen because of its ability to analyze the relationships between variables that are not only reflective, but also composite. PLS-SEM allows researchers to test models of relationships between more complex variables and identify direct and indirect influences between variables in the research model. In addition, PLS-SEM is also effective for testing models with relatively small samples and estimating parameters that may be affected by multicollinearity or data that is not normally distributed.

As an initial stage in the data analysis process, validity and reliability tests are carried out to ensure that the instruments used in this study can produce consistent and valid data. The validity test is carried out by measuring the outer loading of each question item to ensure that each item in the questionnaire can measure the construct in question. If the value of the outer loading exceeds the predetermined threshold, then the item is considered valid. In addition, reliability tests were performed to measure the internal consistency of the instrument using Composite Reliability and Cronbach's Alpha values. If the value of both is greater than 0.7, then the instrument is considered reliable and trustworthy to be used in this study.

After the validity and reliability are tested, the data analysis process continues with regression analysis to test the relationship between variables and test the hypotheses that have been proposed previously. The regression model used is a direct relationship model between independent variables (locus of control, professional ethics, and client narcissism) and dependent variables (audit judgement). The results of the regression analysis will provide information about the influence of each variable on the quality of the audit judgement conducted by the auditor.

The first hypothesis tested is the influence of locus of control on audit judgment. Based on the attribution theory put forward by Robbins (2003), auditors with an internal locus of control are believed to be more thorough and objective in making decisions because they believe that the results of their work are influenced by their own efforts. The second hypothesis tests the influence of professional ethics on audit judgment. Professional ethics are believed to improve the quality of audit judgement because auditors who uphold their professional ethics will be more careful and responsible in making decisions (Putra, 2016). The third hypothesis tests the influence of client narcissism on audit judgment, which according to previous research, clients with narcissistic characters can lower the auditor's objectivity in making decisions (Johnson et al., 2013). The researcher expects that the client's narcissism will have a negative influence on the quality of the judgment audit.

After the data were analyzed, the results showed that professional ethics had a significant positive influence on audit judgment, while the locus of control and client narcissism showed no significant influence. These results suggest that although the locus of control and client narcissism have no direct effect, other factors, such as auditors' commitment to their professional ethics, may play a more important role in determining the quality of audit judgment.

## RESULTS AND DISCUSSION

### Research Results

This study aims to examine the influence of three factors, namely locus of control, professional ethics, and client narcissism on the quality of audit judgement in auditors working in Public Accounting Firms (KAP) in the East Jakarta region. Data obtained from 74 auditors working at KAP East Jakarta were analyzed using a quantitative approach with the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique which was analyzed through the SmartPLS 3.0 application.

### Validity and Reliability Tests

Before proceeding with the structural model analysis, a validity and reliability test was carried out on the instruments used in this study. The results of the validity test showed that all question items in the questionnaire had an outer loading greater than 0.70, which indicated that all items in the questionnaire were reliable in measuring the construct in question. In addition, the reliability test also showed adequate results, with Composite Reliability and Cronbach's Alpha values of more than 0.7 each for all variables tested (locus of control, professional ethics, client narcissism, and audit judgment). This shows that the instruments used in this study are consistent and reliable.

Figure 1. Bootstrapping Results Table

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
LOC (X1) AJ (Y)	0,007	0,000	0,193	0,036	0,971
EP (X2) AJ (Y)	0,049	0,452	0,205	2,374	0,018
NK (X3) AJ (Y)	0,219	0,244	0,130	1,684	0,093

Source : SmartPLS 3.0 Output

### Hypothesis Test

After testing the validity and reliability, this study continues with hypothesis testing using PLS-SEM to determine the relationship between independent variables (locus of control, professional ethics, and client narcissism) and dependent variables (audit judgement). The results of the hypothesis test are as follows:

#### *The Influence of Locus of Control on Audit Judgement*

The first hypothesis tests whether the auditor's locus of control affects the quality of the audit judgement they conduct. Based on the results of the analysis, the T-statistic value for the effect of locus of control on audit judgement is 0.036 with a P-Value of 0.971. Because the P-Value is greater than 0.05, this hypothesis is rejected, meaning that the locus of control has no significant effect on the audit judgment. These findings contradict several previous studies that showed that internal locus of control can improve the quality of audit decisions (Raiyani & Saputra, 2014). However, in this study, auditors with both internal and external locus of control did not show significant differences in decision-making.

One reason that may explain these results is that external factors, such as time pressure, resource constraints, and the nature of the client, are more dominant in influencing audit decisions than the auditor's own locus of control. In the Indonesian context, especially in East Jakarta, auditors are more affected by external pressures related to the highly dynamic audit environment (Safitri, 2017). The COVID-19 pandemic, for example, can exacerbate those pressures and reduce the influence of the locus of control in decision-making.

#### *The Influence of Professional Ethics on Audit Judgement*

The second hypothesis tests the influence of professional ethics on audit judgment. The results of the analysis show that professional ethics have a significant positive influence on audit judgment. The T-statistic value for the influence of professional ethics on audit judgement is 2.374 with a P-Value of 0.018, which means that the higher the professional ethics applied by the auditor, the higher the quality of the audit decisions produced.

These findings are consistent with research conducted by Putra (2016) which shows that auditors who uphold their professional ethics tend to make more accurate and accountable decisions. In addition, these findings also support attribution theory and motivation theory, which emphasize the importance of intrinsic motivation to maintain integrity and objectivity in decision-making. Auditors who have strong ethical motivation will be more cautious and not easily influenced by external factors that can undermine the quality of their audit decisions (Ponemon & Gabhart, 1993).

Therefore, professional ethics can be considered as one of the important factors in improving the quality of audit judgment. This underscores the importance of implementing a strict code of ethics in audit practice, as well as ongoing training and education to maintain auditors' commitment to the ethical principles of their profession.

### ***The Influence of Client Narcissism on Audit Judgement***

The third hypothesis tests whether the client's narcissism has an effect on the quality of the audit judgment. The results of the analysis showed that the client's narcissism had no significant effect on audit judgement, with a T-statistic value of 1.684 and a P-value of 0.093. This suggests that while clients may have a narcissistic character, such influence is not significant enough to influence the audit decisions taken by auditors.

These findings contradict research by Johnson et al. (2013), which found that client narcissism can influence auditor decisions. However, in this study, the auditors seemed to be able to maintain their objectivity despite facing clients with a narcissistic character. Most likely, this is due to the auditor's better experience and interpersonal skills in managing interactions with clients who have these characteristics.

Experienced and trained auditors may be better able to manage interactions with clients who are demanding or have a narcissistic nature without sacrificing the quality of their decisions. Therefore, the auditor's experience and interpersonal skills can be a more important factor than the direct influence of client narcissism in audit decision-making (Glover & Prawitt, 2014).

## **Discussion**

### **The Influence of Locus of Control on Audit Judgement**

The results of this study show that the locus of control does not have a significant effect on audit judgement can be explained through attribution theory and external factors that affect the audit environment. Previous research conducted by Raiyani and Saputra (2014) showed that auditors with internal locus of control tend to be more thorough in making decisions because they feel more in control of their work results. However, the findings of this study suggest that in East Jakarta, auditors are more influenced by external pressures in their audit practices, such as tight deadlines and resource limitations, than by their own locus of control.

It is important to note that in many audit situations in Indonesia, pressure from the client or agency where the auditor works can often reduce the auditor's autonomy in decision-making, which may explain why the locus of control does not exert significant influence. In addition, challenges faced by auditors during the COVID-19 pandemic, such as difficulties in accessing information and limitations in evidence collection, are more likely to influence audit decisions than individual auditors' locus of control (Safitri, 2017).

### **The Influence of Professional Ethics on Audit Judgement**

This study found that professional ethics have a significant effect on audit judgment, which is in line with previous research by Putra (2016) and Ponemon & Gabhart (1993). Professional ethics are essential in maintaining the integrity of auditors, especially in decision-making that can affect opinions on the fairness of financial statements (Manuela, et.al., 2024). Auditors who uphold professional ethics will be more careful in assessing the evidence, which in turn improves the quality of their audit decisions.

It also supports Herzberg's (1959) motivational theory, which states that auditors who are motivated by intrinsic factors, such as commitment to professional ethics, will produce better jobs. Auditors who have strong ethical motivations will be more likely to avoid biased or unobjective decisions, even when faced with pressure from clients or difficult situations (Glover & Prawitt, 2014).

Thus, these findings confirm the importance of continuous training on professional ethics for auditors, as well as the need to strengthen professional codes of ethics among auditors to maintain the quality of audit judgments they produce.

### **The Influence of Client Narcissism on Audit Judgement**

This study showed that client narcissism had no significant effect on the quality of audit judgment, which indicates that auditors in East Jakarta were able to manage the influence of narcissistic clients. Johnson et al. (2013) revealed that client narcissism can influence auditor decisions, but in this study, the auditors seem to have developed interpersonal skills that allow them to maintain objectivity.

An experienced auditor may have adequate skills to manage relationships with clients who have a narcissistic character. They can separate the client's personal interests from evidence-based decisions, allowing them to make more objective and quality decisions (Glover & Prawitt, 2014). Thus, the auditor's experience and interpersonal skills were shown to influence the quality of the audit judgement more than the narcissistic character of the client.

This study makes an important contribution to the literature on audit judgement by showing that professional ethics is the most influential factor in audit decision-making. Although the locus of control and the client's narcissism do not show significant influence, professional ethics remain a major factor in maintaining the quality of audit judgments. This study also expands our understanding by showing that auditors in East Jakarta are more influenced by their experience and interpersonal skills in dealing with clients than by internal factors such as locus of control or the narcissistic character of clients.

These findings suggest that although existing theories provide a solid basis for understanding the influence of various factors on audit judgment, external factors in the Indonesian context may be more dominant. This enriches our knowledge of audit practices in Indonesia and provides new insights for audit professionals to manage the factors influencing audit decisions in the field.

### **Validity Test**

Based on the results of the data processing, it shows that 5-6 statements from each variable have an outer loading value above 0.70. Therefore, it can be concluded that the items of statements in each variable Locus of Control (X1), Professional Ethics (X2), Client Narcissism (X3) and Audit Judgement (Y) have a significant correlation. From the validity test carried out, it can be seen that every item of the statement on this questionnaire can be said to be valid.

### **Reliability Test**

Based on the results of the reliability test for each variable item studied, the Composite Reliability and Cronbach's Alpha values were above 0.5. Therefore, it can be concluded that the questionnaire statements of each variable tested can be declared reliable and reliable that can be trusted as a research measuring tool.

### **Regression Analysis**

Regression equations:

$$\begin{aligned} Y &= X1 + X2 + X3 + e \\ &= 0.007X1 + 0.049X2 + 0.219X3 \end{aligned}$$

### **Hypothesis Test**

The criteria for the hypothesis test are as follows: 1) If the Tstatistic > Ttable (1.96) and the P Values < 0.005 means that the hypothesis is accepted, which means that there is a significant influence between the locus of control, professional ethics and the client's narcissism on the audit judgment. 2) If the Tstatistic < Ttable (1.96) and the P Values > 0.005 means that the hypothesis is rejected, which means that there is no significant influence between the locus of control, professional ethics and the client's narcissism on the audit judgment.

Figure 2. Bootstrapping Results Table

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
LOC (X1) AJ (Y)	0,007	0,000	0,193	0,036	0,971
EP (X2) AJ (Y)	0,049	0,452	0,205	2,374	0,018
NK (X3) AJ (Y)	0,219	0,244	0,130	1,684	0,093

Source : SmartPLS 3.0 Output

1. The Influence of Locus of Control on Audit Judgement (H1A)

The results of the hypothesis test with the locus of control variable showed T Statistics 0.036 and P Values 0.971. This shows that the locus of control has no significant effect on the audit judgment, this means that the hypothesis is rejected. This is strengthened by the indicators used, namely believing in destiny and luck in carrying out a job which shows that the Locus of Control does not have a significant effect on Audit Judgement. These results can also occur because of the situation and conditions when this research was carried out, namely the perspective and views of the auditor themselves are different from the previous ones due to the difficulties found by the auditor to find evidence of transactions or the need for audit judgement during the Covid-19 pandemic like this. Based on the results of this study, it can be concluded that auditors at Public Accounting Firms in the East Jakarta region tend to have more external locus of control than internal locus of control. This means that every auditor believes more in luck than in hard work in doing something. This indicates that the results of the audit judgement made by the auditor will be inaccurate because they have a weak attitude of self-control.

2. The Influence of Professional Ethics on Audit Judgement (H2A)

The results of hypothesis testing with professional ethics variables showed T Statistics 2.374 and P Values 0.018. This shows that professional ethics have a significant positive effect on audit judgment, this means that the hypothesis is accepted. This result is strengthened by the existence of indicators of Code of Ethics Implementation which show that Professional Ethics have an effect on Audit Judgement. These results support the theories used, namely attribution theory and motivation theory. Attribution theory is a theory that discusses a person's attitude in doing a job. This result is in accordance with the attribution theory that if auditors uphold their professional ethics, they will produce quality audit judgments. Motivation theory is a theory that discusses how a person has the motivation to be able to do his job well. This result is in accordance with the motivational theory that if the auditor has high motivation, he can maintain the consistency of making a judgement and will avoid bad things by always upholding his professional ethics. Based on the results of this study, it can be concluded that auditors at the Public Accounting Firm in the East Jakarta region have upheld and upheld the professional code of ethics of a public accountant in making audit judgments. If the auditor has good professional ethics, the judgement making will also be appropriate, accurate and reliable.

3. The Influence of Client Narcissism on Audit Judgement (H3A)

The results of hypothesis testing with the client's narcissism variable showed T Statistics 1.684 and P Values 0.093. This shows that the client's narcissism has no significant effect on the audit judgment, this means that the hypothesis is rejected. This is strengthened by the indicators used, namely the attitude of the auditor who is not affected by the client's narcissism which shows that the client's narcissism has no effect on the audit judgment. Then it is known from the characteristics of the respondents used in accordance with SA 200 that the auditor who makes a judgment must have sufficient experience and education. Therefore, the respondents in this study, namely auditors, can avoid the narcissism of a client so that the narcissism of the client does not affect the audit judgment. Based on the results of this study, it can be concluded that auditors at the Public Accounting Firm in the East Jakarta region are

not affected by the narcissism possessed by the client when making judgments. This means that the auditor uses the experience and education he has in dealing with the narcissism that the client has so that it does not affect the outcome of a judgment.

## CONCLUSION

This study focuses on the influence of locus of control, professional ethics, and client narcissism on the quality of audit judgement in auditors working in Public Accounting Firms in East Jakarta. Based on the results of data analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique, this study found that professional ethics had a significant influence on the quality of audit judgment, while the locus of control and client narcissism did not show a significant influence. This emphasizes the importance of auditors' commitment to professional ethics in producing more objective and accountable audit decisions.

The results of this study show that although many factors can affect the quality of audit decisions, external factors, such as time pressure and resource limitations, tend to be more dominant than internal factors such as the auditor's locus of control. Auditors who have high professional ethics, on the other hand, tend to produce more accurate audit judgments, which emphasize that the integrity and independence of auditors must be well maintained. Meanwhile, client narcissism was not shown to have a significant influence on the decisions made by auditors in East Jakarta, which shows that the auditor's experience and interpersonal skills play a significant role in managing relationships with clients who have a certain character.

This study also provides new insights into the factors that affect the quality of audit judgement in Indonesia, especially in East Jakarta. These results enriched the literature related to the role of professional ethics in audit decision-making and provided a deeper understanding of how auditors manage the influence of external factors in day-to-day audit practice.

## Suggestion

Based on the findings of these findings, there are several suggestions that can be given to improve the quality of audit judgement in audit practice in Indonesia. First, it is important for every auditor to continue to prioritize professional ethics in every decision taken. More intensive and consistent ethics training needs to be provided to auditors so that they maintain integrity and objectivity in the face of pressure from clients or challenging external situations. This can reduce the possibility of bias in decision-making and improve the overall quality of audit judgment.

Second, although the locus of control did not show significant influence in the study, it was important for auditors to have good self-control. Auditors with an internal locus of control tend to be better able to manage stress and pressure in decision-making, which is especially important in audit situations that are often fraught with uncertainty. Therefore, the development of managerial skills and stress management is also very important to improve the quality of audit judgment, in addition to improving technical knowledge.

Third, the results of this study show that client narcissism does not have a significant influence on audit decisions. Nonetheless, auditors must remain vigilant against external influences from clients that may affect the decision-making process. It is important for auditors to improve their interpersonal skills in order to maintain professional relationships with clients without being affected by the client's personal interests. Additionally, auditors need to have a robust internal control system in place and be able to identify and manage any pressures that may arise during the audit process.

Finally, for further research, it is recommended to expand the sample count and consider other factors that may affect the quality of the audit judgment, such as psychological factors, work experience, or differences in industry type. Further research can also examine more

deeply the influence of external factors such as technology and regulation on audit decisions taken by auditors.

## BIBLIOGRAPHY

- Armstrong, J. S., & Overton, T. S. (1977). Estimating nonresponse bias in mail surveys. *Journal of Marketing Research*, 14(3), 396–402. <https://doi.org/10.2307/3150783>
- Utami, F. L., Putra, Y., Tanjung, P. R. S., & Nugroho, L. (2020). Analysis of Audit Opinion of Financial Statements from State Institutions: Indonesia Empirical Study, Period 2012-2017. *International Journal of Financial Research*, 11(5), 150-160.
- Putra, Y. M. (2018). Analysis of Opinion Results of BPK Audit on Financial Statements of State Institutions on the Quality of State Institution Implementation Using Content Analysis (Study of State Ministries in Indonesia in 2012-2016). *Economics and Business*, 5(2), 116–144. <https://doi.org/10.35590/jeb.v5i2.930>
- Bennett, M. A., & Brown, M. P. (2018). Professional skepticism in auditing: The role of judgment and bias. *Auditing: A Journal of Practice & Theory*, 37(1), 1–14. <https://doi.org/10.2308/ajpt-52047>
- Prameswari, S., Budyastuti, T., & Putra, Y. M. (2024). Impact of the Pandemic on Tax Aggressiveness: Analysis of CSR, Audit Quality, and Capital Intensity in IDX Mining Companies. *Lamp: Journal of Research, Applied and Applicative*, 1(1), 39-51.
- Curtis, M. B., & Turley, S. (2007). The role of the auditor in preventing financial reporting fraud. *Journal of Business Ethics*, 77(3), 367–384. <https://doi.org/10.1007/s10551-006-9305-9>
- Manuela, V. L., Marsyaf, M., Bintara, R., & Putra, Y. M. (2024). The Effect of Audit Opinions, Liquidity and Leverage on the Timeliness of Financial Report Submission. *Pelita : Journal of Research, Applied and Applicative*, 1(2), 108-122.
- Glover, S. M., & Prawitt, D. F. (2014). *Auditing & Assurance Services*. Pearson.
- Herzberg, F. (1959). *The Motivation to Work*. Wiley, New York.
- Johnson, E. N., Brown, J. C., & Brunel, F. F. (2013). Auditor perceptions of client narcissism as a fraud attitude risk factor. *Auditing: A Journal of Practice & Theory*, 32(1), 203–219. <https://doi.org/10.2308/ajpt-50338>
- Putra, A. (2016). The influence of professionalism, knowledge of detecting errors, professional ethics and auditor experience on the consideration of the level of materiality. *E-Journal of the Islamic University of Indonesia*.
- Raiyani, N., & Saputra, I. (2014). The influence of competence, task complexity, and locus of control on audit judgment. *E-Journal of Accounting*, Udayana University, 6(3), 429–438. <https://doi.org/10.24843/EJA.2014.v6.i3.p5>
- Sari, D. I., & Ruhayat, E. (2017). Locus of Control, Pressure of Obedience and Complexity of Tasks to Audit Judgement. *Research Accounting*, 9(2), 23–34.
- Simbolon, A. K., et al. (2019). The Influence of Auditor Experience, Locus of Control and Knowledge of Detecting Errors on Audit Judgement at the North Sumatra Representative BPKP Office. *Owner*, 3(2), 239–255.

- Agoes, S. (2017) *Auditing (Guidelines for Accounting Audit Practices by Public Accountants)*. Jakarta: Salemba Four.
- IAPI (2016) IAPI.
- Armanda, R. U. (2014) 'The Influence of Professional Ethics, Knowledge and Independence on Auditor Judgement at the Audit Board (BPK) of South Sumatra Representative', *E-Journal of Sriwijaya University*.
- Azizah, N. D. J. and Pratono, R. (2020). The Influence of Locus of Control, Independence, Task Complexity, and Gender on Audit Judgement (Empirical Study on Public Accounting Firms in Surabaya), *Liability Journal of Accounting*, 02(1), pp. 106–126.
- Hayes, R. P. W. H. G. (2014) *International Auditing Principles Standard on Auditing*. Jakarta: Salemba Four.
- Herzberg (1959) *The Motivation to Work*. Edited by J. and S. Willey. York.
- Johnson, E. N. et al. (2013) 'Auditor perceptions of client narcissism as a fraud attitude risk factor', *Auditing*, 32(1), pp. 203–219.
- Kieso, D., Weygandt, J., Warfield, T. (2017). *Intermediate Financial Accounting*. Jakarta: Salemba Four.
- Putra (2016) 'The Influence of Professionalism, Knowledge of Detecting Errors, Professional Ethics and Auditors' Experience on the Consideration of Materiality Level', *E-Journal of the Islamic University of Indonesia*.
- Raiyani, N. and Suputra, I. (2014) 'The Influence of Competence, Task Complexity, and Locus of Control on Audit Judgement', *E-Journal of Accounting of Udayana University*, 6(3), pp. 429–438.
- Robbins, S. P. (2003) *Organizational Behavior: The Concept of Application Controversy*. Eighth. Edited by H. & M. Pujaatmaka. Jakarta: PT. Prenlindo.
- Safitri, D. A. (2017) 'The Effect of Obedience Pressure, Locus of Control, Task Complexity and Self Efficacy on Audit Judgement (Study on Public Accounting Firms in Surakarta and Semarang)', *E-Journal of the University of Muhammadiyah Surakarta*.
- Sari, D. I. and Ruhayat, E. (2017) 'Locus Of Control, Pressure Of Obedience and Task Complexity Towards Audit Judgement', *Research Accounting*, 9(2), pp. 23–34.
- Simbolon, A. K. et al. (2019) 'The Influence of Auditor Experience, Locus of Control and Knowledge in Detecting Errors on Audit Judgement at the BPKP North Sumatra Representative Office', *Owner*, 3(2), p. 239.
- Susandya, A. A. P. G. B. A. (2020) 'Auditor Behavior and Its Environment Towards Audit Judgement', *Benefita Journal*, 5(2), pp. 295–307.
- Winardi, Djatu Rijadh & Permana, Y. (2015) 'The Influence of Professional Skepticism and Client Narcissism on External Auditors' Assessment of the Risk of Fraud', *The Indonesian Journal of Accounting Research*, Vol. 20(No. 1), pp. 72–98.
- Agoes, S. (2017). *Auditing: Guidelines for Accounting Audit Practices by Public Accountants*. Jakarta: Salemba Four.

- Azizah, N. D. J., & Pratono, R. (2020). The Influence of Locus of Control, Independence, Task Complexity, and Gender on Audit Judgement. *Liability Journal of Accounting*, 02(1), 106–126.
- Hayes, R. P. W. H. G. (2014). *International Auditing Principles Standard on Auditing*. Jakarta: Salemba Four.
- Herzberg, F. (1959). *The Motivation to Work*. Willey, New York.
- Johnson, E. N., et al. (2013). Auditor perceptions of client narcissism as a fraud attitude risk factor. *Auditing*, 32(1), 203–219.
- Kieso, D., Weygandt, J., Warfield, T. (2017). *Intermediate Financial Accounting*. Jakarta: Salemba Four.
- Putra, A. (2016). The Influence of Professionalism, Knowledge of Detecting Errors, Professional Ethics and Auditor Experience on the Consideration of the Level of Materiality. *E-Journal of the Islamic University of Indonesia*.
- Raiyani, N. & Saputra, I. (2014). The Influence of Competence, Task Complexity, and Locus of Control on Audit Judgement. *E-Journal of Accounting*, Udayana University, 6(3), 429–438.
- Robbins, S. P. (2003). *Organizational Behavior: The Concept of Application Controversy*. Jakarta: PT. Prenlindo.
- Sari, D. I. & Ruhayat, E. (2017). Locus of Control, Pressure of Obedience and Complexity of Tasks to Audit Judgement. *Research Accounting*, 9(2), 23–34.
- Simbolon, A. K., et al. (2019). The Influence of Auditor Experience, Locus of Control and Knowledge of Detecting Errors on Audit Judgement at the North Sumatra Representative BPKP Office. *Owner*, 3(2), 239–255.
- Susandya, A. A. P. G. B. A. (2020). Auditor and his or her environment towards audit judgement. *Journal of Beneficia*, 5(2), 295–307.
- Winardi, Djatu Rijadh & Permana, Y. (2015). The Influence of Professional Skepticism and Client Narcissism on External Auditors' Assessment of the Risk of Fraud. *The Indonesian Journal of Accounting Research*, 20(1), 72–98.
- Armstrong, J. S., & Overton, T. S. (1977). Estimating Nonresponse Bias in Mail Surveys. *Journal of Marketing Research*, 14(3), 396–402.
- Bennett, M. A. & Brown, M. P. (2018). Professional Skepticism in Auditing: The Role of Judgment and Bias. *Auditing: A Journal of Practice & Theory*, 37(1), 1–14.
- Curtis, M. B. & Turley, S. (2007). The Role of the Auditor in Preventing Financial Reporting Fraud. *Journal of Business Ethics*, 77(3), 367–384.
- Glover, S. M., & Prawitt, D. F. (2014). *Auditing & Assurance Services*. Pearson.
- Houghton, K. A., & Jenkins, J. G. (2013). Audit Judgment and Decision Making. *Journal of Applied Corporate Finance*, 25(3), 76–90.
- Louwers, T. J., Ramsay, R. J., Sinason, D. P., & Strawser, J. R. (2007). *Auditing & Assurance Services*. McGraw-Hill.

- O'Reilly, C. A. & Tushman, M. L. (2013). Organizational Ambidexterity: Past, Present, and Future. *Academy of Management Perspectives*, 27(4), 322–334.
- Ponemon, L. A., & Gabhart, D. (1993). Auditor Ethics: The Role of Professional Skepticism. *Journal of Business Ethics*, 12(6), 465–470.
- Rich, R., & Trefry, P. (2017). Cognitive Biases and Their Impact on Audit Judgment. *Auditing: A Journal of Practice & Theory*, 36(2), 85–107.
- Thompson, D. S. & Mayhew, B. W. (2017). The Relationship between Auditor Skepticism and Judgment in Fraud Risk Assessments. *Auditing: A Journal of Practice & Theory*, 36(4), 123–140.
- Tuttle, B., & S. D. Brown (2016). The Role of Ethical Decision Making in Audit Judgment. *Journal of Business Ethics*, 134(1), 1–19.
- Zimbelman, M. F. (2001). Judgment and Decision Making in Accounting: A Research Review. *Accounting Horizons*, 15(3), 311–336.
- Agoes, S. (2017). *Auditing: Guidelines for Accounting Audit Practices by Public Accountants*. Jakarta: Salemba Four.
- Armanda, R. U. (2014). 'The Influence of Professional Ethics, Knowledge and Independence on Auditor Judgement at the Audit Board (BPK) of South Sumatra Representative', *E-Journal of Sriwijaya University*.
- Azizah, N. D. J., & Pratono, R. (2020). The Influence of Locus of Control, Independence, Task Complexity, and Gender on Audit Judgement. *Liability Journal of Accounting*, 02(1), 106–126.
- Hayes, R. P. W. H. G. (2014). *International Auditing Principles Standard on Auditing*. Jakarta: Salemba Four.
- Herzberg, F. (1959). *The Motivation to Work*. Willey, New York.
- Johnson, E. N., et al. (2013). Auditor perceptions of client narcissism as a fraud attitude risk factor. *Auditing*, 32(1), 203–219.
- Kieso, D., Weygandt, J., Warfield, T. (2017). *Intermediate Financial Accounting*. Jakarta: Salemba Four.
- Putra, A. (2016). The Influence of Professionalism, Knowledge of Detecting Errors, Professional Ethics and Auditor Experience on the Consideration of the Level of Materiality. *E-Journal of the Islamic University of Indonesia*.
- Raiyani, N. & Saputra, I. (2014). The Influence of Competence, Task Complexity, and Locus of Control on Audit Judgement. *E-Journal of Accounting*, Udayana University, 6(3), 429–438.
- Robbins, S. P. (2003). *Organizational Behavior: The Concept of Application Controversy*. Jakarta: PT. Prenlindo.
- Sari, D. I. & Ruhiyat, E. (2017). Locus of Control, Pressure of Obedience and Complexity of Tasks to Audit Judgement. *Research Accounting*, 9(2), 23–34.

- Simbolon, A. K., et al. (2019). The Influence of Auditor Experience, Locus of Control and Knowledge of Detecting Errors on Audit Judgement at the North Sumatra Representative BPKP Office. *Owner*, 3(2), 239–255.
- Susandya, A. A. P. G. B. A. (2020). Auditor and his or her environment towards audit judgement. *Journal of Beneficia*, 5(2), 295–307.
- Winardi, Djatu Rijadh & Permana, Y. (2015). The Influence of Professional Skepticism and Client Narcissism on External Auditors' Assessment of the Risk of Fraud. *The Indonesian Journal of Accounting Research*, 20(1), 72–98.