The Importance of Emotional Intelligence for Internal Auditors

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Abstract

The purpose of this study is to capture the importance of emotional intelligence for internal auditors in the public sector in Indonesia, considering the advantages of emotional intelligence at the workplace. The research utilises descriptive survey research as a basis for analysis and found that emotional intelligence was important for internal auditors. Particularly, higher importance was found in conducting consulting activity than assurance services. While communication, trustworthiness, and teamwork and collaboration were the top three most important competencies for internal auditors, empathy was the least crucial one. Furthermore, it was agreed that emotional intelligence was important in ethical behaviour, coping stress, communication skill, and professional scepticism.

Keywords: internal audit, emotional intelligence

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Pentingnya Emotional Intelligence untuk Internal Auditor

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I. Introduction

For the very first time since it was initiated in 2004, the consolidated financial statement of the central government (LKPP) of Indonesia for the period of 2016 has received an unqualified opinion from the Audit Board (MoF, 2017). Such achievement was the result of hard work from various parties by which the internal audit contributes a prominent role as it provides limited assurance in the form of the review of financial statements and an evaluation of the government’s internal control.

Internal audit was fundamental to effective governance, risk management, and control through both its assurance and consulting role. In order to engage in such valuable role, technical expertise is needed by the internal auditors to perform their task well. Nevertheless, human relationship underlies the internal audit work. Internal auditors mostly perform their work in a form of teams entailing them to fit in the team. Likewise, they need to communicate with the client in different units to get the understanding of client’s business operation, obtain the data, and deliver the result of the engagement. Communicating the issue which is more likely considered as a bad news for the client is an inevitable activity of internal auditors. However, it is never easy to deliver negative information. An effective communication needs to be exercised to prevent the clients feeling offended. Therefore, mastering skills to get along with people is of great importance for auditors. Yet, auditors are more likely to experience hardship due to insufficient soft skills rather than over technical skill (Seago, 2016).

Over the past two decades, studies concerning emotional intelligence conducted in various job fields (i.e. Ogińska-B., 2005; Lopes, et.al, 2006; Sanusi et al, 2010; and Ismail, 2015) provided evidence that emotional intelligence was beneficial at the workplace in various forms. This research tries to add the existing literature in Indonesia by studying the perception of internal auditor regarding the importance of emotional intelligence for them therewith looking at each component of emotional intelligence. Moreover, the areas where emotional intelligence might be applied in the auditing world are also explored.

II. Literature Review

2.1. Emotional Intelligence

The concept of emotional intelligence was firstly introduced by Salovey and Mayer (1990) and was defined as “the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions” (p.189). Individuals who own high emotional intelligence were “in tune” with both their own emotions and the other people's emotions. Meanwhile, Goleman (1998) described emotional intelligence as a stronger predictor of individuals to excel in jobs of all kinds and twice as important in contributing to eminence as pure intellect and expertise. Goleman had suggested that 20% of professional success depends on the intelligence of the individual and the other 80% depends on the ability to understand oneself and interact with others in a network. It was also notable that emotional intelligence abilities were not innate but could be learned. There were four domains and twenty competencies of emotional intelligence according to Goleman as shown in Table 1.
However, the claim of emotional intelligence critical for real-world success had been disproved to be well supported (Matthews, Roberts, and Zeidner, 2004). Antonakis (2004, cited in Görgens-Ekermans, 2010) even stated that “…claims about the apparent necessity of EI for leadership or organisational performance are unsubstantiated, exaggerated, misrepresented, or simply false” (p.9). Moreover, there were many different and even conflicting constructs of emotional intelligence which lead to considerable confusion (Waterhouse, 2006). There is no unitary paradigm of emotional intelligence.

2.2. Emotional intelligence in the Auditing Context

a. Ethical Behaviour

The Institute of Internal Auditors (IIA) established a Code of Ethics for internal auditor aiming to promote an ethical culture in the internal auditing profession which encompasses two key elements. The first element is ‘principles’ comprising integrity, objectivity, confidentiality, and competency while the second element is ‘rules of conduct’ outlining the expected behaviour norms of internal auditors (IIA, 2016a). Meanwhile, Code of Conduct of Internal Auditors of Government of Indonesia added two more principles besides those four which are accountable and professional behaviour (AAIPI, 2014a).

Such principles of Code of Ethics of internal auditors could be linked to the conceptual construct of emotional intelligence. For instance, the ‘integrity’ principle aiming to build trust is strongly related to the ‘trustworthiness’ competency under Goleman’s model of emotional intelligence. Moreover, internal auditors are required to not allow bias or their interest in forming their judgments which represent another competency of emotional intelligence specifically ‘self-control’. Considerable research had also provided evidence that the ethical behaviour was highly associated with the emotional intelligence. In a survey of managers enrolled in executive MBA programs in the US, Angelidis and Ibrahim (2011) attested a strong relationship between emotional intelligence and ethical ideology. Highly emotional intelligence managers were unlikely taking actions which endanger others, while those with lower emotional intelligence were willing to take negative effect decisions. The result was echoed by Ismail (2015) which pointed out that possessing a good management of one’s own and others’ emotions significantly influenced the ethical judgement of auditors in Malaysia.

b. Communication Skill

It is imperative for auditors to rule communication skill since they do not work in isolation. In point of fact, the sentiment of the need for communication skill of auditor was explicated not only by the audit standards but also by the employer. For instance, the International Standards for the Professional Practice of Internal Auditing (Standards) section 2400: Communicating Result states that internal auditors must communicate the results of engagements to the client in which the form and content may vary depending on the nature of the engagement and the client’s need (IIA, 2016b). The communication must be accurate, objective, clear, concise, constructive, complete, and timely. It is also worth to note that the Standards underline that internal auditors are encouraged to acknowledge client’s satisfactory performance. Moreover, in a survey of CEOs in the US, Addams and Allred (2002) found that company fire or switch the
auditors due to the auditor’s shortfall on proactivity, responsiveness, and new ideas.

Meanwhile, communication is indeed the prominent element in emotional intelligence. Cherniss and Goleman (2001) put it under the element of relationship management. By managing emotions in the relationship, people may interact smoothly with others (Goleman, 1998). It is worth noting that there is significant emotional involvement in every relationship (Lazarus, 1991). Since relationship includes interaction, all parties involved build emotional bonds; although the degree of the bond may vary depending on the relationship characteristic. Furthermore, demonstrating empathy will be helpful for internal auditors in communicating the captured issues along with the associated risk to the management (Seago, 2016). Delivering such issues through blaming and cynical tone, for instance, may result in reluctance from the management to accept the problem and to fix it.

c. Coping Stress

Auditors are potentially exposed to the stressful working environment (Fisher, 2001). In comparison with other industries, the audit environment is characterised by relatively higher pressures to meet the deadlines, higher demands of error-free work, and uncertainties caused by changing jobs within a short span of time (Rahman and Zanzi, 1995). In addition, Bartunek and Reynolds (1983) indicated that auditors are subject to role-related stress since they have to be accountable not only to their division/organisation but also to others to which they relate. Meanwhile, there are several forms of negative consequences of stress on the audit world such as a lower job satisfaction, higher tendency to leave the organisation, and higher job-related apprehension (Bartunek and Reynolds, 1983).

Nonetheless, emotionally intelligence people are unlikely to suffer stress since they are able to manage their emotions to overcome stress, work well under pressure, and be adaptive of organisational change (Lopes et al., 2006). As defined by Bar-On (1997, cited in Zeidner, Matthews, and Roberts, 2004), emotional intelligence involves non-cognitive skill to surmount demands and pressure from surroundings. Ogińska-B. (2005) explored emotional intelligence in the workplace and noted that highly emotional intelligence individuals are able to cope with stress better. In particular, those with a higher level of emotional intelligence experience a lower sense of lack of control and lack of support and a significantly lower level of depression symptoms.

d. Professional Scepticism

Professional scepticism which is defined as “an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud and a critical assessment of audit evidence” (IAASB, 2015) needs to be exercised throughout the planning and performance of the audit (AAIPI, 2014b). Auditors are expected to develop specific expectations during an audit and acquaint differences of those expectations in comparison with the actual findings (Hurttt, 2010). They need to examine the sufficiency, appropriateness and reliability of the evidence along with its inconsistencies.

Hurttt (2010) had developed six characteristics underlying professional scepticism which were: (1) a questioning mind, involving a sense of disbelief thus continuously questioning in order to obtain the reasonableness about an information, (2) suspension of judgment, referring to a willingness to collect and fully examine sufficient evidence before drawing a reasonable conclusion, (3) search for knowledge, pointing a general curiosity to look deep into and beyond the obvious, (4) interpersonal understanding, dealing with the consideration of the motivation and integrity of the individuals providing evidence, (5) self-esteem, recognising the need for esteem in successful inquiry, and (6) autonomy, concerning the determination to not easily accept the claims of others.

Those six characteristics were considerably linked with the emotional intelligence trait. The three former characteristics related to the examination mean of evidence which corresponds with trustworthiness, conscientiousness and the eager to act using fresh approach (initiative). Such relation was supported by the research conducted by Farag and Elias (2016) which found that high sceptics accounting students were more likely to be conscientious. Hereinafter, interpersonal understanding signified the requisite to consider human aspects in examining evidence which resembles with interpersonal relationship. The last two attributes delineated the auditors’ aptitude in response to the obtaining information, which connoted with self-
regard and independence. In brief, the conceptual relationship could be summarised in Table 2.

Table 2. Professional Scepticism Characteristic and Emotional Intelligence Component

<table>
<thead>
<tr>
<th>Professional Scepticism Characteristic</th>
<th>Emotional Intelligence Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>A questioning mind</td>
<td>Trustworthiness</td>
</tr>
<tr>
<td>Suspension of judgment</td>
<td>Conscientiousness</td>
</tr>
<tr>
<td>Search for knowledge</td>
<td>Initiative</td>
</tr>
<tr>
<td>Interpersonal understanding</td>
<td>Interpersonal relationship</td>
</tr>
<tr>
<td>Self-esteem</td>
<td>Self-confidence</td>
</tr>
<tr>
<td>Autonomy</td>
<td>Independence</td>
</tr>
</tbody>
</table>

Overall, applying emotional intelligence construct of Goleman, the emotional intelligence's importance for the internal auditors may be described in Figure 1.

Figure 1. The Importance of Emotional Intelligence for Internal Auditor

III. Methodology

The descriptive research method was utilised in this study. The data were collected by means of questionnaire throughQualtrics, a web-based survey software, conducted in July 2017 which included the Participant’s Consent Form describing purpose of the study, requested participation, and promised anonymity.

The survey instrument used in this study was constructed from relevant literature and developed in the Indonesian language to overcome language barriers. The respondents were asked to assess the emotional intelligence importance for an internal auditor and rate the importance degree of each competencies of emotional intelligence based on Goleman’s emotional intelligence model scaling from 1 (strongly unimportant) to 6 (strongly important). The Goleman’s model was used since it was formulated in terms of a theory of performance and claimed to be able to predict the job excellence (Goleman, 1998). Next, the respondents expressed the agreement level whether the emotional intelligence is important for the internal auditors in four aspects, namely ethical behaviour, communication skill, coping stress and professional scepticism. A six-point Likert scale ranging from ‘strongly disagree’ to ‘strongly agree’ was employed to assess the responses.

IV. Findings And Discussion

A total of 141 internal auditors from four ministries/agencies in Indonesia participated in this study which only 122 completed responses were used for analysis. Table 3 describes the sample’s demographics.
Table 3. Demographic Characteristics of Respondents

<table>
<thead>
<tr>
<th>Choices</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>97</td>
<td>79.5%</td>
</tr>
<tr>
<td>Female</td>
<td>25</td>
<td>20.5%</td>
</tr>
<tr>
<td>2. Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;31 years</td>
<td>58</td>
<td>47.5%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>53</td>
<td>43.4%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>2</td>
<td>1.6%</td>
</tr>
<tr>
<td>&gt;40 years</td>
<td>9</td>
<td>7.4%</td>
</tr>
<tr>
<td>3. Level of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>23</td>
<td>18.9%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>72</td>
<td>59.0%</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>27</td>
<td>22.1%</td>
</tr>
<tr>
<td>Doctorate Degree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>4. Working Period as an Auditor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-5 years</td>
<td>23</td>
<td>18.9%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>76</td>
<td>62.3%</td>
</tr>
<tr>
<td>11-15 years</td>
<td>14</td>
<td>11.5%</td>
</tr>
<tr>
<td>&gt;15 years</td>
<td>9</td>
<td>7.4%</td>
</tr>
<tr>
<td>5. Cadre</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality Supervisor</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>Technical Supervisor</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Team Leader</td>
<td>22</td>
<td>18.0%</td>
</tr>
<tr>
<td>Team Member</td>
<td>90</td>
<td>73.8%</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>4.9%</td>
</tr>
<tr>
<td>6. Certification*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRMP</td>
<td>11</td>
<td>9.0%</td>
</tr>
<tr>
<td>CA</td>
<td>5</td>
<td>4.1%</td>
</tr>
<tr>
<td>CGAP</td>
<td>4</td>
<td>3.3%</td>
</tr>
<tr>
<td>CIA</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>CRMO</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Cert-IPSAS</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>QIA</td>
<td>2</td>
<td>1.6%</td>
</tr>
<tr>
<td>None</td>
<td>100</td>
<td>82.0%</td>
</tr>
</tbody>
</table>

* The cumulative calculation of percentage was not 100% due to only 22 respondents reported the certification hold and each respondent might hold more than one certification

4.1. The Emotional Intelligence Importance for Internal Auditors

Table 4 exhibits the emotional intelligence importance for internal auditors using a six-point Likert scale wherein strongly unimportant was scored as a 1 and strongly important as a 6.
Emotional intelligence was perceived important in conducting both assurance (5.19 ± .660) and consulting services (5.35 ± .544) by which using paired sample t-test, there was a significant average difference on the importance degree of emotional intelligence between assurance and consulting services, t(121) = -2.797, p = .006. These results suggest that emotional intelligence was more needed by the internal auditors in consulting activity, which might be explained by its nature of task performed. Unlike in assurance service where nature and scope are determined by internal audit, the nature and scope of consulting engagement are agreed with the client (IIA, 2016b).

In addition, according to the Indonesian Government Regulation Number 60 Year 2008 on the Government’s Internal Control System, assurance activities are conducted to provide reasonable assurance of the conformity, austerity, efficiency, and effectivity of the achievement of government’s objectives whereas consulting activities are meant to give advice in order to maintain and improve the quality of governance regarding the implementation of government agencies’ duties and functions (GoI, 2008). Therefore, while conscientiousness might be more important to enhance professional scepticism in performing assurance activity (Farag and Elias, 2016), the internal consulting practices need more listening which at the same time confidence and decisive so that they can get along well with the management which makes management be forthright in conveying their issues (White, 2007).

4.2. Important Competencies of Emotional Intelligence for Internal Auditors

The perceived importance of each competency of emotional intelligence for internal auditors is summarised in Table 5. Using a six-point Likert scale to measure responses with 1 being strongly unimportant and 6 being strongly important, the mean scores clustered between 4.80 and 5.67 showing that all elements of emotional intelligence were rated as having some degree of importance for internal auditors to possess.

<table>
<thead>
<tr>
<th>Competencies</th>
<th>N</th>
<th>Importance Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Self-Awareness</td>
<td>122</td>
<td>5.21</td>
<td>.633</td>
</tr>
<tr>
<td>Accurate Self-Assessment</td>
<td>122</td>
<td>5.02</td>
<td>.738</td>
</tr>
<tr>
<td>Self-Confidence</td>
<td>122</td>
<td>5.39</td>
<td>.675</td>
</tr>
<tr>
<td>Self-Awareness</td>
<td>122</td>
<td>5.21</td>
<td>.585</td>
</tr>
<tr>
<td>Self-Control</td>
<td>122</td>
<td>5.51</td>
<td>.518</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>122</td>
<td>5.66</td>
<td>.526</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>122</td>
<td>5.57</td>
<td>.544</td>
</tr>
<tr>
<td>Adaptability</td>
<td>122</td>
<td>5.35</td>
<td>.655</td>
</tr>
<tr>
<td>Initiative</td>
<td>122</td>
<td>5.16</td>
<td>.647</td>
</tr>
<tr>
<td>Achievement Drive</td>
<td>122</td>
<td>5.07</td>
<td>.854</td>
</tr>
<tr>
<td>Self-Management</td>
<td>122</td>
<td>5.39</td>
<td>.454</td>
</tr>
<tr>
<td>Empathy</td>
<td>122</td>
<td>4.80</td>
<td>.927</td>
</tr>
</tbody>
</table>

Table 4. Importance of Emotional Intelligence for Internal Auditor

<table>
<thead>
<tr>
<th>Competency</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Intelligence in Assurance</td>
<td>5.19</td>
<td>.660</td>
</tr>
<tr>
<td>Emotional Intelligence in Consulting</td>
<td>5.35</td>
<td>.544</td>
</tr>
</tbody>
</table>
Table 5 shows that communication with a mean score of 5.67 ± .521 was the top-ranking emotional intelligence competency for internal auditors in this study. Such emphasis on the communication importance echoed with the previous study which found that becoming the smartest person in one field but failing to communicate the ideas efficiently and effectively might cause such extraordinary idea not to be heard and accepted (Christensen and Rees, 2002). The result was also consistent with the study by Smith (2005) finding that mastering the competency of communication was of great importance for internal auditors, notably in the evidence-gathering process and negotiating with the client.

Trustworthiness referring to the ability to maintain standards of honesty and integrity ranked second with a mean score of 5.66 ± .526. In conducting both assurance and consulting service, there are many issues found by the internal auditors. Oftentimes, the issues are negative and confidential. Hence, trustworthiness needs to be upheld by internal auditors as those who cannot be trusted will just make the client keep a distance from them and reluctant to be open in expressing their problem or giving the required data. Moreover, trustworthiness is necessary in order that the judgement made by internal auditors is considered reliable.

Teamwork and collaboration were the third leading competency of emotional intelligence for internal auditors, with a mean score of 5.65 ± .544. On most engagement, the internal auditors work in a team. Every member of the team needs to get along with each other and distribute the information gained to obtain the big picture of the issue in every engagement. Team members may discuss the procedures required and judgement needed. Furthermore, as part of the organisation, instead of merely conducting an audit, it would be more important for the internal auditors to collaborate with the client in generating a better outcome (White, 2007), although independence remains to be maintained.

On the other hand, with a mean score of 4.80 and the largest standard deviation of 0.927, empathy which referred to the ability to recognise and understand of others feel (Goleman, 1998) was interestingly identified as the least crucial competency to be possessed by the internal auditor. This finding was consistent with previous research conducted by Zarei, Mirzaiy, and Zarei (2016) showing that empathy had the lowest priority among the emotional intelligence factors in the auditing profession. However, the previous research adopted the Baron model in which the components of emotional intelligence were not completely similar. The lowest ranking empathy denoted that showing empathy might be perceived as unassertive and a threat of the auditors’ independency and objectivity, allowing bias to override their professional judgment (IIA, 2016a). In addition, empathetic internal auditors might obscure their professional scepticism prematurely. Empathy could hinder internal auditors from continuously question the reasonableness of information which drove them to easily accept the claims of auditees and formulate a hasty conclusion.

<table>
<thead>
<tr>
<th>Competency</th>
<th>Mean Score</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Orientation</td>
<td>5.25</td>
<td>.753</td>
</tr>
<tr>
<td>Organisational Awareness</td>
<td>5.28</td>
<td>.659</td>
</tr>
<tr>
<td>Social Awareness</td>
<td>5.11</td>
<td>.662</td>
</tr>
<tr>
<td>Developing Others</td>
<td>4.82</td>
<td>.761</td>
</tr>
<tr>
<td>Influence</td>
<td>5.04</td>
<td>.786</td>
</tr>
<tr>
<td>Communication</td>
<td>5.67</td>
<td>.521</td>
</tr>
<tr>
<td>Conflict Management</td>
<td>5.39</td>
<td>.663</td>
</tr>
<tr>
<td>Leadership</td>
<td>5.17</td>
<td>.735</td>
</tr>
<tr>
<td>Change Catalyst</td>
<td>5.16</td>
<td>.728</td>
</tr>
<tr>
<td>Building Bonds</td>
<td>5.02</td>
<td>.803</td>
</tr>
<tr>
<td>Teamwork and Collaboration</td>
<td>5.65</td>
<td>.544</td>
</tr>
<tr>
<td>Relationship Management</td>
<td>5.25</td>
<td>.455</td>
</tr>
</tbody>
</table>

Importance was rated on a six-point scale, where:
1 = strongly unimportant, 2 = unimportant, 3 = less important, 4 = slightly important, 5 = important, and 6 = strongly important.

Table 5 shows that communication with a mean score of 5.67 ± .521 was the top-ranking emotional intelligence competency for internal auditors in this study. Such emphasis on the communication importance echoed with the previous study which found that becoming the smartest person in one field but failing to communicate the ideas efficiently and effectively might cause such extraordinary idea not to be heard and accepted (Christensen and Rees, 2002). The result was also consistent with the study by Smith (2005) finding that mastering the competency of communication was of great importance for internal auditors, notably in the evidence-gathering process and negotiating with the client.
4.3. The Application of Emotional Intelligence in the World of Internal Audit

Table 6 indicated the respondents’ level of agreement whether the emotional intelligence is important in ethical behaviour, communication skill, coping stress, and professional scepticism (on a six-point scale with 1 being strongly disagree and 6 being strongly agree). The mean scores for each aspect ranged from 5.18 down to 4.83 signifying that the internal auditors agreed to some extent that emotional intelligence is important for those four aspects.

Table 6. Application of emotional intelligence in the auditing world

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical behaviour</td>
<td>5.18</td>
<td>.521</td>
</tr>
<tr>
<td>Communication skill</td>
<td>5.06</td>
<td>.544</td>
</tr>
<tr>
<td>Coping stress</td>
<td>5.09</td>
<td>.526</td>
</tr>
<tr>
<td>Professional scepticism</td>
<td>4.83</td>
<td>.544</td>
</tr>
</tbody>
</table>

Mean was rated on a six-point scale, where:
1 = strongly disagree, 2 = disagree, 3 = less agree, 4 = slightly agree, 5 = agree, and 6 = strongly agree

As shown in Table 6, the emotional intelligence was agreed to be important for internal auditors in ethical behaviour aspect with a mean score of 5.18 ± .521, affirming past research showing that possessing high emotional intelligence encouraged individuals to behave ethically (Mesmer-Magnus et.al, 2010). This result also asserted earlier finding in this study stating that trustworthiness which reflects honesty and integrity, some of the key principle of ethical conduct, was the second most important competency for internal auditors.

Emotional intelligence was also perceived to be important for internal auditor in coping stresses with a mean score of 5.09 ± .526 conforming the results of past research demonstrating that emotional intelligence was associated with stress tolerance (Lopes, et.al, 2006). Individuals are less likely to encounter stress if they are able to adapt to the changing environment and modify their behaviour to manage such situation in the best way (King and Gardner, 2006). Thus, emotional intelligence, particularly the adaptability competency which was perceived highly important in this study with a mean of 5.35 ± .655, might be beneficial to deal with stress faced by auditors. Moreover, internal auditors oftentimes bring out the client’s drawback such as the weakness in their internal control. Hence, they are exposed to hostility and conflicts which if prolonged, may cause stress. Emotional intelligence mainly the conflict management competency (which was also perceived highly important in this study with a mean of 5.39 ± .663) was therefore important for internal auditors to help them resolve the conflict and reduce stress (Murphy, and Hurrell, Jr, 1987).

Communication skill was agreed by internal auditors in this study to be the third aspect in which emotional intelligence perceived important with a mean score of 5.06 ± .544. Internal auditors need to be able to understand and be understood by other employees and top executives. “They have to know what to say, when to say it, and how to say it, and to be sensitive to people’s ego, the organisational culture, and organisational politics” (Siegel, 2000, p.76). Possessing emotional intelligence should help internal auditors to be good communicators. As Smith (2005) suggested, oral communication skill is required by the internal auditors as they need to express an opinion effectively, including when communicating the result and giving a recommendation. It was also imperative for an internal auditor for being willing to listen (Golen, Catanach, Moeckel, 1997).

Finally, emotional intelligence was perceived somewhat important in the professional scepticism aspect with a mean score of 4.83 ± .544 (between slightly agree and agree). Professional scepticism involves a continuous questioning of the information’s reasonableness and not effortlessly ruling out the presumptive doubt (Hurtt, 2010). Possessing emotional intelligence may lead individuals to consider the motivation and integrity of individuals who provide information. The findings discussed earlier in this study suggested that the trustworthiness, one of the competencies resembling the characteristic of professional
scepticism, fell under the top-ranked crucial competencies of emotional intelligence for internal auditors. On the contrary, empathy was ranked the lowest as it might obstruct professional scepticism.

V. Conclusion And Recommendation

Internal auditors perceived emotional intelligence to be important for them. In particular, it was perceived that internal auditors need to be emotionally smarter in conducting consulting activity than assurance service, considering the nature of task performed in consulting practices. With regard to the important competency for internal auditors, it was concluded that all twenty competencies of emotional intelligence according to Goleman’s theory were perceived to have some degree of importance. While communication, trustworthiness, and teamwork and collaboration were perceived to be the most important competencies for internal auditors, empathy was the least crucial one as it might obscure professional scepticism and be considered as a threat to the internal auditors’ independency and objectivity. It was also agreed in this study that emotional intelligence was important for internal auditors in the aspects of ethical behaviour, coping stress, communication skill, and professional scepticism. It is apparent that the perceived top-ranking competencies were vital to explain the importance of the emotional intelligence for the four aspects.

Considering its significance for internal auditors, the emotional intelligence should be emphasised as the critical competencies to note in recruiting and development of internal auditors in the public sector in Indonesia. Not only technical expertise, continuous development of internal auditors should include the learning of emotional intelligence. Eventually, well-performed internal auditors mastering professional and people skill may simultaneously supporting and corroborating national development agenda.
Reference


