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THE EFFECT OF AUDIT FEE AND MACHIAVELLIANISM ON AUDITOR INDEPENDENCE WITH PROFESSIONAL ETHICS AS A MODERATING VARIABLE

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Abstrak

Tujuan dari penelitian ini adalah meneliti faktor-faktor yang mempengaruhi independensi auditor. Adapun variabel penelitian terdiri dari audit fee, sifat Machiavellian, serta etika profesi sebagai variabel moderasi. Sampel penelitian adalah para uditor yang bekerja pada KAP di Bandung sebanyak 44 orang. Hasil penelitian membuktikan bahwa: Audit fee terbukti berpengaruh negatif terhadap independensi auditor, Sifat machiavellian terbukti berpengaruh negatif pada independensi auditor, Etika profesi terbukti sebagai variabel pemoderasi yang mempengaruhi hubungan antara audit fee terhadap independensi auditor dan Etika profesi terbukti sebagai variabel pemoderasi yang mempengaruhi hubungan antara sifat machiavellian terhadap independensi auditor.

Kata Kunci: Independensi auditor, audit *fee*, sifat Machiavellian, etika profesi, Kantor Akuntan Publik
JEL Code: M40, M42, M49

Abstract

The purpose of this study is to examine the factors that influence auditor independence. The research variables consist of audit fees, Machiavellian traits, and professional ethics as moderating variables. The research sample is an auditor who works at KAP in Bandung as many as 44 people. The results of the study prove that 1) Audit fees have a negative effect on auditor independence, 2) Machiavellian nature has a negative effect on auditor independence, 3) Professional ethics is proven to be a moderating variable that affects the relationship between audit fees and auditor independence, and 4) Professional ethics is proven as a moderating variable. moderating variables that affect the relationship between Machiavellian nature and auditor independence.

Keywords: Auditor independence, audit fee, machiavellian nature, professional ethics, audit firm
JEL Code: M40, M42, M49

INTRODUCTION

The development of the public accounting profession in a country will increase along with the development of the country's economy. The public accounting profession is trusted by many people because the public wants an impartial and free assessment of the information presented by the company's management in the financial statements. The public accountant profession has the responsibility to increase the level of reliability of the company's financial statements so that the public and other interested parties can use reliable financial information to make decisions. Therefore, a public accountant is expected to be firm and impartial to anyone when issuing an opinion on financial statements.

One of the auditor's duties is to conduct an examination or audit of financial statements based on an assignment or engagement between the client and the auditor. In the audit assignment, a conflict of interest can affect the auditor's independence. The client, as the employer, tries to ensure that the financial statements have a fair opinion, and the auditor must be professional by maintaining an independent and objective attitude in carrying out their services. In order to support professionalism, the auditor performing their audit duties must be guided by the audit standards that have been previously set by the Indonesian Accounting Association or Ikatan Akuntansi Indonesia (IAI), namely general standards, fieldwork standards, and reporting standards (Arfianga et al., 2014). General standards focus on the importance of self-quality that must exist in an auditor. Fieldwork standards focus on data collection and other activities during the audit. Fieldwork standards focus on statements of conformity with financial statements with accounting principles applicable in Indonesia (Paramastri and Suputra, 2016).

Cases of violations of auditor independence arisen recently have made the public question the ability of the public accounting profession to maintain independence. At the same time, auditor independence is as important as accounting practice expertise and auditing procedures that every auditor must-have. Auditors must always be independent in carrying out their audit obligations and independent from the company's clients being audited. Therefore, an auditor must be able to make the public believe that they are genuinely independent. According to Arens et al. (2004) in Darmayanthi and Wirakusuma (2017), an independent attitude can be viewed from two perspectives, namely independence in fact and independence in appearance. Independence in fact indicates the auditor maintains an attitude of impartiality from any party in the conduct of the audit. The independence in fact arises from each auditor acting independently. Meanwhile, independence in appearance means that accountants are impartial according to users' perceptions of financial statements. Independence in appearance results from the public's assessment of an auditor, both individually and as a whole. Independence in fact and independence in appearance are closely related to each other. Independence in appearance is a reflection of an auditor's way of thinking. According to Darmayanthi and Wirakusuma (2017), according to psychological research data, auditors have difficulty achieving independence because auditors are not free from unconscious bias.

Auditor independence can be influenced by the social relationship with the audited client (Darmayanthi and Wirakusuma, 2017). Determination of the audit fee received for the audit task implementation may reflect the auditor's independent attitude. Research states that audit fees have a significant positive effect on auditor independence because the higher the level of audit fees owned by an auditor, the independence of an auditor will also increase. The results of this study are in line with research conducted by Putri et al. (2014), Marsella et al. (2015), Soegiastuti (2015), and Paramasatri and Suputra (2016). However, research conducted by Setyono (2016) states that audit fees have a negative effect on auditor independence because audit fees cause a decrease in the independence of the auditor. The results of this study are in line with research conducted by Arfiangga and Kristianto (2014) and Darmayanthi and Wirakusuma (2017).

A side from the competition between public accounting firms that affects auditor independence, some factors can affect auditor independence, namely the Machiavellian trait. Machiavellianism is the main personality traits that can influence the behavior of an organization (Robbins, 2009). Machiavellian can be used to predict unethical behavior. Machiavellian in the business world that gives rewards for winning is a generally accepted trait, but in the auditor profession that prioritizes ethical implications, the Machiavellian is a negative trait because it ignores the importance of integrity and honesty in achieving goals. Machiavellians try to take advantage of the situation for personal gain and disobey regulations. Richmond's research (2001) shows that a person's tendency to act unethically is higher when the Machiavellian trait is higher. An auditor who has a Machiavellian trait is likely to take actions that violate the rules of professional ethics, causing dysfunctional behavior that will doubt the independence of an auditor in auditing a company. From the various studies above, it can still be seen that there are research gaps.

Auditors have an obligation to maintain their highest standards of ethical behavior to the organization they belong to, their profession, society, and themselves, where auditors have a responsibility to be competent and maintain their integrity and objectivity states that based on "Ethical Guidelines" by The International Federation of Accountants (IFAC), the ethical requirements of an accounting organization should be based on the basic principles that govern the actions/behavior of accountants in carrying out their professional duties. This study examines the effect of audit fees and Machiavellian on auditor independence and proposes professional ethics variables as moderating variables that strengthen or weaken the relationship between audit fees and auditor independence and Machiavellian on auditor independence. The use of ethical variables as a moderating variable is based on IFAC guidelines and the concept of audit standards that an auditor must maintain their professional ethics in carrying out their work. External factors such as audit fees and others are not expected to have a negative effect on auditor independence because they hold the principles of professional ethics. The novelty of this study is related to the use of Machiavellian traits that have not been widely studied and professional ethics as a moderating variable.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory

Agency theory is used to explain a company's need for audit services. Agency theory was proposed by Jensen and Meckling (1976). They argue that agency relations occur because of a contract between one or more parties (principal(s)) engaging another party (agent) to perform a service by delegating decision-making authority to agents. An agent is a person employed by a principal(s) or shareholder(s) to run their business. Because of conflicts of interest and information asymmetry, the principal wants an independent third party. This third party should confirm that the agent has presented financial statements by the principal's wishes. The auditor is the independent third party that the principal needs to see the correctness of financial statements that the agent has made. Auditors are supposed to be impartial, so the interests of both the principal and the agent can be fulfilled fairly.

Conflict relationships between agents and principals incur agency costs. The principals can utilize these costs to cover supervision expenses, agency engagement fees, and residual losses. As the third party, public accountants get audit fees in compensation for services after completing their duties. Audit fees are one form of supervision costs because these costs are incurred to supervise the activity of agents. However, the agency expects the public accountant to be able to provide an opinion that can benefit his party without thinking about the right circumstances that occur in the company. Therefore, agents can replace public accountants if public accountants do not provide opinions following the agent's wishes, thus causing competition between public accounting firms.

Audit Fee and Auditor Independence

Agency theory states that conflicts between principals and agents incur agency costs. One of the agent fees that arise is *the audit fee*. *An audit fee* is a reward received by the auditor for audit services carried out as verification of the results of the agent's performance, which is financial statements. *Audit fees* received by the auditor can ruin the auditor's independence because of the economic relationship between clients and auditors.

Audit fees obtained can also pose a dilemma because the auditor is expected to remain independent. However, at the same time, the needs of the auditors are in the hands of the client because the *fee is* obtained from the client. In addition, the non-enactment of rules to equalize the fixed rate of audit fees causes uniformity between one audited company (client) with another company or with other public accounting firms. Although the guidelines for determining the number of audit fees have been used, the characteristics are still uncertain. Therefore, the small number of audit fees received can affect the independence of the auditor. High audit fees require an auditor to give a positive opinion. In other words, the auditor will act by the client's wishes. That leads to the high audit fee received can reduce the independence of auditors (Darmayanthi and Wirakusuma, 2017).

H_1: Audit Fee has a negative effect on Auditor Independence.

Machiavellian Trait and Auditor Independence.

A person who has a *Machiavellian* trait will not obey the applicable rules and do everything for his/her benefit. *Machiavellian* auditors will do everything, including manipulation or deception, to achieve their goals. *Machiavellian* auditors do not prioritize integrity and honesty in their audit duties. *Machiavellian* auditors will not hesitate to violate the generally accepted rules.

Research conducted by Nida (2014) states that *Machiavellian* trait negatively affects auditors' independence. This research is supported by Mahayani and Merkusiwati (2016) and Darmayanthi and Wirakusuma (2017). The higher the *Machiavellian* trait of an auditor, the lower the auditor's independence in auditing financial statements. An auditor with a *Machiavellian* personality can manipulate the results of his/her audit findings for personal interests and client requests which later reflects the auditor's low independence. Based on the above explanation, the *Machiavellian* personality has a negative effect on the independence of auditors. Thus, the hypothesis of this study is:

H_2: Machiavellian trait has a negative effect on auditor independence.

Professional Ethics, Audit Fees, Machiavellian and Auditor Independence

A quality audit is critical to ensure that the accounting profession fulfills its responsibilities to investors, the public, the government, and other parties who rely on the credibility of audited financial statements by upholding high professional ethics. The existence of audit fees is a factor that influences auditors' performance. *Audit fees* obtained can cause dilemmas, fees acquired from clients are sometimes a necessity for an auditor (Arfiangga. et al. 2014), so it will affect the level of the auditor's independence. Professional ethics is a code of ethics guarantee that ensures to maintain the level of independence of an auditor. Professional ethics can strengthen or weaken the relationship between audit fees on the auditor's independence. Thus, the third hypothesis is as follows:

H_3: Professional ethics as a moderating variable will affect the relationship between audit fees and auditor independence.

Richmond's research (2001) shows that a person's tendency is higher to commit unethical acts when his/her Machiavellian trait is higher. An auditor who tends to be highly Machiavellian is likely to be prone to actions that violate the rules of professional ethics, causing dysfunctional behavior that will doubt the auditor's independence in auditing a company. In a conflict of strength, the client might pressure the auditor to go against ethical standards of professionals, and a measure of the client's healthy financial conditions can also be used to pressure the auditor by changing the auditor. It can make auditors unable to withstand the client's pressure, causing their independence to weaken. The position of auditors is also very dilemmatic since they are required to fulfill clients' wishes, so they tend to manipulate and cheat on the financial statements they audit. However, on the other hand, auditors' actions can violate professional ethics as a reference for the work of an auditor. According to preceding theories and research that provides evidence that professional ethics in conducting audits have a significant impact on the auditor's independence, the fourth hypothesis is:

H_4: Professional ethics as a moderating variable will affect the relationship between Machiavellian trait and auditor independence.

Research Model

Figure 1 is as follows:

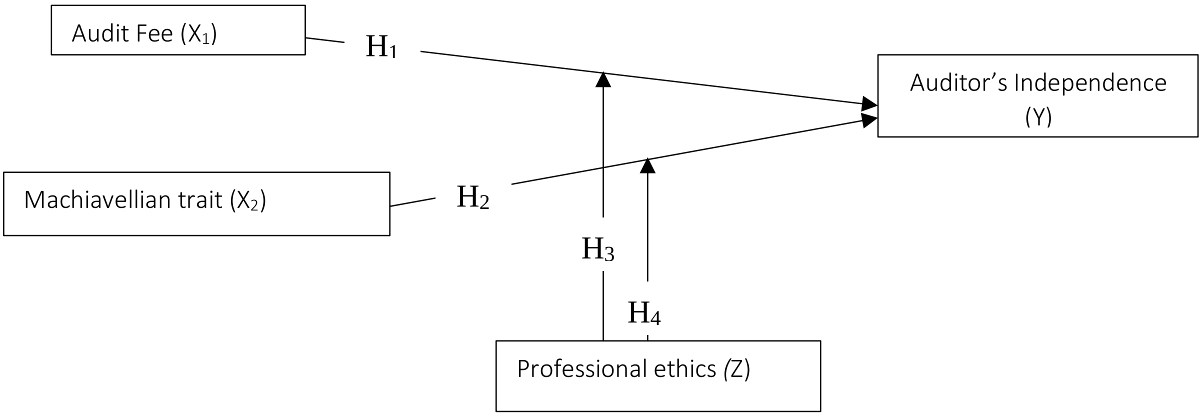

Figure 1. Research Model

RESEARCH METHODOLOGY

Population and Sample

The population in this study are auditors who work at KAP in Bandung as many as 44 people in the Directory published by the Indonesian Institute of Certified Public Accountants (IAPI) in 2019. This study uses a census sample because the population is less than 80.

Data Collection Techniques

The data collection technique used in this study was using a questionnaire

Technical Data Analysis

Data Quality Test

Validity Test

Validity test is a test conducted to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions in the questionnaire can reveal something that will be measured by the questionnaire (Sugiyono, 2016).

Reliability Test

Reliability test is a test conducted to measure the reliability of a questionnaire. Questionnaires can be said to be reliable or reliable if the answers obtained from respondents are consistent. The reliability test can be done using the Cronbach's Alpha coefficient. The questions in the questionnaire are declared reliable or reliable if the Cronbach's Alpha value 0.6 (Ghozali, 2018).

Classic Assumption Test

Normality Test

According to Ghozali (2018), the normality test is carried out to test whether the confounding or residual variables in the regression model are normally distributed or not. A good regression model has data that is normally distributed or close to normal. In this study, the normality test was carried out using One Sample Kolmogorov-Smirnov (K-S). If the value of sig > 0.05, then the data is said to be normally distributed, whereas if the value of sig 0.05, then the data is said to be not normally distributed.

Multicollinearity Test

According to Ghozali (2018), the multicollinearity test was carried out to test whether there was a correlation between the independent variables in the regression model. A good regression model should have homoscedasticity or there should be no correlation between independent variables. In this study, the multicollinearity test was carried out using the Variance Inflation Factor (VIF) and tolerance methods. If the VIF value is < 10 and the tolerance value is > 0.10, then there is no multicollinearity, whereas if the VIF value is 10 and the tolerance value is 0.01, then there is multicollinearity.

Heteroscedasticity Test

According to Ghozali (2018), the heteroscedasticity test was carried out to test whether there was an inequality of variance from the residuals of one observation to another. A good regression model should not have heteroscedasticity. In this study, the heteroscedasticity test was carried out using the Glesjer test method. Symptoms of heteroscedasticity can be seen in the regression coefficient of each independent variable to the absolute value of the residue (e). If the probability value is > (0.05) or t-count t-table, then there is no heteroscedasticity in the regression model.3.5.

Hypothesis Testing

Multiple Regression Analysis

Multiple regression analysis is conducted to determine the effect of more than one independent variable on the dependent variable. In this study, the multiple regression model was conducted between the independent variables, namely audit fees (X1) and Machiavellian (X2), with the dependent variable, namely auditor independence (Y). The equation of the multiple linear regression model is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information:
Y = auditor independence
α = constant
β_1 = coefficient of audit fee
β_2 = coefficient of machiavellian trait
X_1 = audit fee
X_2 = Machiavellian trait
e = error

Moderated Regression Analysis (MRA)

According to Ghozali (2018), Moderated Regression Analysis is conducted to analyze the moderator variable's effect on the independent and dependent variables. MRA uses an analytical approach to maintain sample integrity and provides a basis for controlling the effect of moderator variables.

RESULTS AND DISCUSSION

Respondents Overview

The population in this study are auditors who work at KAP in the city of Bandung. as many as 44 people. Data collection was done through distributing questionnaires by using google form. The sampling technique used is a saturated sample where the total population collected becomes the number of samples for the respondents of this study. The results of the distribution of the questionnaire are formulated in the following table:

Table 1. Questionnaire Return Rate

No	Information	Amount
1	Questionnaire distributed	44
2	Questionnaire that does not return	0
	Processable questionnaire	44
	Rate of return	100%

Source: Processed primary data, 2021

Classic assumption test

Normality Test

The normality test was carried out to see whether the distribution of the data on the variables was normally distributed or not. In this study, the normality test was carried out using One Sample Kolmogorov-Smirnov (K-S). The following are the results of the normality test for this study:

Table 2. Normality Test Results

Equality	*Asymp.* Sig (2-tailed)	Significant Level	Information
Linear Regression	0,055	0,05	Data is normally distributed

Source: Processed primary data, 2021

Based on the test results in table 2, the results of Asymp are obtained. Sig (2-tailed) of 0.055. This value is greater than 0.05, so it can be concluded that the linear regression normality test has a normal distribution value.

Multicollinearity Test

Multicollinearity test was conducted to test whether there is a correlation between the independent variables. In this study, the multicollinearity test can be seen through the VIF value or the tolerance value. If the VIFe value is > 0.10, then there is no multioclinearity.

Heteroscedasticity Test

Heteroscedasticity test was conducted to test the residual inequality of one observation with other observations. This test was carried out by the Glejser test. If the sig value > 0.05, then there are no symptoms of heteroscedasticity.

Hypothesis testing

Multiple Regression Analysis

Multiple regression analysis was performed to test the first and second hypotheses. Multiple regression analysis serves to determine the magnitude of the influence of the independent variable on the dependent variable. The following are the results of multiple regression analysis for this study.

Table 3. Summary of Multiple Linear Regression Analysis Results

Independent Variable	Regression Coefficient	t-value	*Sig.*
constant	11,321	5,078	0,000
AF	,457	4,088	0,000
SM	-,422	-3,180	0,044
Adj R Square	0,333		
Fhitung	9,332		

Source: Processed primary data, 2021

Based on the test results in table 3, for the results of multiple regression analysis, the regression equation is obtained as follows:

$$\boldsymbol{Y = 11.321 + 0.457\ AF - 0.422\ SM + e}$$

The regression equation can be explained as follows
1) The constant value of 11.321 indicates that the auditor independence variable has a value of 11.321 if the audit fee and public accounting firm competition variables are zero.
2) The regression coefficient value of the audit fee (AF) variable is 0.457, with a positive value indicating that every increase in the audit fee variable by 1 will increase the auditor independence variable by 0.457, with the assumption that other variables are constant.
3) Machiavellian trait regression coefficient value is 0.422 with a negative value indicating that every increase in the competition variable between public accounting firms by 1 will decrease the auditor independence variable by 0.422, assuming that the other variables are constant.

Moderated **Regression Analysis (MRA)**

A moderation regression analysis test was conducted to analyze the moderator variable's effect on the independent and dependent variables. The following are the results of multiple regression analysis for this study.

Moderating Effect of Professional Ethics on Audit Fees on Auditor Independence

Table 4. Summary of Regression Analysis Results Moderation of Professional Ethics on Audit Fees on Auditor Independence

Independent Variable	Regression Coefficient	t-value	*Sig.*
constant	-7,697	-0,518	0,607
AF	1,588	1,342	0,187
EP	1,322	1,712	0,056
AF*EP	-1,611	-1,786	0,036
Adj R Square	0,451		
Fcount	7,325		

Source: Processed primary data, 2021

Moderating Effect of Professional Ethics on Machiavellian Traits on Auditor Independence

Table 5. Summary of Regression Analysis Results of Professional Ethics Moderation on Machiavellian Traits on Auditor Independence

Independent Variable	Regression Coefficient	t-value	Sig.
Konstanta	-9,431	-0,863	0,132
SM	1,573	1,463	0,062
EP	1,125	1,486	0,005
SM *EP	-1,962	-1.570	0,037
Adj R Square	0,360		
Fcount	8,344		

Source: Processed primary data, 2021

Hypothesis testing 1

The first hypothesis in this study states that the audit fee variable has a negative effect on auditor independence. Based on the multiple linear regression analysis results in table 5, the audit fee variable has a t-count value of 4.057, greater than t-table 1.683 with a significance value of 0.00, less than the significance rate of 0.05. So, it can be concluded that the first hypothesis, which states that audit fee has a negative effect on auditor independence, is **rejected.**

Hypothesis testing 2

The first hypothesis in this study states that the Machiavellian trait variable has a negative effect on auditor independence. Based on the multiple linear regression analysis results in table 5, the Machiavellian variable has a t-count value of -3.180, which is greater than the t-table 1.683, with a significance value of 0.044 less than the significance rate of 0.05. So, it can be concluded that the second hypothesis states that Machiavellian trait have a negative effect on auditor independence is **accepted.**

Hypothesis testing 3

The first hypothesis in this study states that professional ethics moderates the effect of the audit fee variable on auditor independence. Based on the results of the moderated regression analysis in table 6, the AF.PE interaction has a t-count value of -1.786, greater than 1.683, and a significance value of 0.036, less than a significance level of 0.05. So, it can be concluded that the interaction variable AF*PE has a significant effect on auditor independence.

Based on the explanation for the results of the moderated regression analysis for the audit fee, professional ethics, and AF*PE interaction variables above, it can be concluded that the third hypothesis states that professional ethics moderates the effect of audit fees on auditor independence is **accepted.**

Hypothesis testing 4

Based on table 7, it can be seen that the SM*PE interaction variable has a t-count value of -1.570, less than -1.683, and a significance value of 0.037, less than a significance level of 0.05. So, it can be concluded that the SM*PE interaction variable has a significant effect on the firm value.
Based on the explanation for the results of the moderated regression analysis for the Machiavellian variables, professional ethics, and SM*PE interactions above, it can be concluded that the hypothesis that professional ethics moderates Machiavellian trait on auditor independence is **accepted**.

DISCUSSION

Audit Fee has a negative effect on Auditor Independence

The result of the first hypothesis research shows that audit fees positively affect auditor independence. The results of this study are not in line with the formulation of the first hypothesis, which states that audit fees have a negative effect on auditor independence. This shows that the client gives the higher the audit fee to the auditor, the higher the auditor's independence. A high audit fee will make the auditors realize that they must act professionally under the auditor's professional code of ethics. In addition, better audit procedures supported by qualified human resources are assumed to increase the audit fees incurred by clients for auditors (Marsella et al., 2015).

With the increase in audit fees incurred by clients, auditors are expected to maintain their independence in conducting the audit process. Auditors feel given the responsibility to carry out the audit process properly. In addition, the high audit fee provided by the client can help the auditor conduct research and apply audit procedures carefully and appropriately.

The results of this study support the results of previous research conducted by Marsella et al. (2015), Soegiastuti (2015), and Paramastri and Suputra (2016).

Machiavellian has a negative effect on auditor independence

The test results show that the Machiavellian has a negative and significant effect on auditor independence. The results of this study are supported by research conducted by Puspitasari (2012) and Purnamasari (2004). Auditors who have Machiavellian tend to behave manipulatively, persuasively, and fraudulently, so this will affect low auditor independence. The machiavellian trait has a destructive impact on the accounting profession because it is different from the business profession; the Machiavellian is a threat to the accountant profession. The accountant profession is required to have ethical responsibilities that are even more than other responsibilities. So, if an auditor has a Machiavellian, it allows them to manipulate audit results or findings for personal interests or client requests to ruin auditor independence.

Professional ethics as a moderating variable will affect the relationship between audit fees and auditor independence

Professional ethics have a significant effect and can moderate relationships between audit fees and auditor independence. Audit quality attributes has developed, one of which is high ethical standards, while the other attributes are related to auditor competence. A quality audit is essential to ensure that the accounting profession fulfills its responsibilities to investors, the public, the government, and other parties who rely on the credibility of audited financial statements by upholding high ethics.

The moderating variable of professional ethics can weaken the relationship between audit fees and Auditor Independence. Quality audit results are crucial to ensure that the accounting profession fulfills its responsibilities to investors, the public, the government, and other parties who rely on the credibility of audited financial statements by upholding high standard professional ethics. The existence of professional ethics as an auditor's reference standard in work will increase auditor independence, thereby minimizing unfair competition between auditors. The auditor will adhere to the professional code of ethics even though the audit fee given is high. Auditors will not ignore common interests so that they continue to carry out audit procedures carefully and appropriately.

Professional ethics as a moderating variable will affect the relationship between Machiavellian and auditor independence

Professional ethics has a significant effect and is able to moderate the relationship between Machiavellian and auditor independence so that hypothesis 4 is accepted. Based on Table 7, it can be seen that the moderating variable of professional ethics can weaken the relationship between Machiavellian and Auditor Independence. Research found that when the auditor and management do not reach an agreement in terms of performance, this condition can encourage management to force the auditor to take manipulative actions or those that go against the professional ethical standards including in giving opinions. This condition will significantly corner the auditor so that there is a possibility that the auditor will do what management wants.

For the accounting profession, Machiavellian is a threat because the professional ethics of the auditor is required to have ethical responsibilities by complying with the professional code of ethics to prevent fraud and manipulation of the audited financial statements. It will keep the auditor's independence awake and fulfill the responsibilities as an independent auditor to investors, the public, and the government. Actually, the facts on field phenomenon show that an auditor will stick to the professional code of ethics even though the audit fee given is high. Based on the field analysis, it is also known that the Auditor will not ignore the common interest so that he continues to carry out audit procedures professionally.

CONCLUSIONS AND IMPLICATIONS

Conclusions

Based on the results of the research that has been carried out, it can be concluded that audit fee is proven to have a negative effect on auditor independence. Machiavellian is also shown to have a negative effect on auditor independence while professional ethics is proven to be a moderating variable that affects the relationship between the audit fee and auditor independence. The last, professional ethics is proven as a moderating variable that affects the relationship between Machiavellian trait *and* auditor independence.

Implications

Auditors are expected to maintain their independence even if the audit fee given by the client is high or low. The Public Accounting Firms can determine the audit fee provided by the client in accordance with the Decree of the General Chair of IAPI number KEP.024/IAPI/VII/2008 regarding the policy for determining the audit fee so that the auditor can carry out their audit duties following the applicable code of ethics without thinking about the size of the audit fees earned. Auditors are expected to maintain their independence by increasing their understanding of ethics and upholding and using the applicable code of ethics appropriately so that the auditor can eliminate the Machiavellian trait that exists and carry out audit duties professionally without thinking.

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