ABSTRACT

Audit quality reduction behavior is a dysfunctional behavior of auditors that can reduce the quality of audit implementation. This behavior may be influenced by situational factors, one of which is job demands. However, the influence of job demands on audit quality reduction behavior is assumed not always to occur directly, but may depend on the personal resources possessed by auditors, namely psychological capital. This study aims to examine the role of psychological capital as a moderating variable in the influence of job demands on audit quality reduction behavior. Psychological capital consists of four main dimensions, namely self-efficacy, hope, optimism, and resilience. As a positive psychological resource, psychological capital is still relatively rarely used in studies of audit quality reduction behavior, as previous studies have focused more on negative factors that encourage such behavior.

The respondents of this study were auditors working at Public Accounting Firms in 13 regions of Indonesia, with a total of 268 auditors who met the research criteria. The research data were obtained through an offline questionnaire-based survey and analyzed using the Partial Least Squares-based Structural Equation Modeling method with the assistance of SmartPLS version 4.

The results show that job demands have a negative but insignificant effect on audit quality reduction behavior. The moderation test results show that psychological capital is able to moderate by weakening the negative influence of job demands on audit quality reduction behavior. This finding indicates that psychological capital serves as a personal resource that helps auditors respond to job demands more adaptively, thereby reducing the tendency to engage in audit quality reduction behavior. Thus, psychological capital can be understood as an interaction factor that explains that the influence of job demands on audit quality reduction behavior is conditional, depending on the level of psychological capital possessed by auditors. The testing of each dimension of psychological capital shows that optimism is the most dominant dimension in forming psychological capital and is proven to weaken the influence of job demands on audit quality reduction behavior. Conversely, hope, self-efficacy, and resilience are not proven to moderate the influence of job demands on audit quality reduction behavior. This means that these three dimensions are unable to weaken the influence of job demands on audit quality reduction behavior; therefore, the proposed hypotheses are not supported.

Keywords: Job Demands, Psychological Capital, Auditors