

ABSTRACT

The aims of this study are to investigate: (1) the influence of performance incentive on audit judgment, (2) the difference of audit judgments made by auditors who received performance incentive and the ones made by auditors who did not receive performance incentive, (3) the influence of performance incentive on effort, (4) the difference of efforts by auditors who received performance incentive and the ones by auditors who did not receive performance incentive, (5) the influence of performance incentive on audit judgment with effort as the intervening variable, (6) the influence of efforts on audit judgments, (7) the influence of efforts on audit judgments moderated by task complexity as the moderating variable.

*The research participants are auditors working in public accounting firms or Kantor Akuntan Publik (KAP) in Indonesia, and senior level auditors or supervisors because of their different individual positions in KAP, they also show differences in job description, authority, responsibility, and auditor's interests within KAP organizations. Participants in this experiment are separated into two groups, **group A** is a group of auditors who received performance incentive and **group B** is a group of auditors who did not receive performance incentive. The analytical tools used in this experiment are Analysis of Variance (ANOVA) and **T-Test** used to test whether there are significant differences between treatment groups, linear regression to test significant effects between groups in a number of similar measurement results, and the demographic characteristics (age, gender, educational level, auditor's position, and work experience) of both groups are also compared.*

Results show that audit judgment is influenced by performance incentive and there are differences in audit judgments between the ones who received performance incentive and the ones who did not receive performance incentive. Other tests show that auditor's effort is influenced by performance incentive and that auditor who received performance incentive spending longer time than auditor who did not receive performance incentive. Moreover, auditor who received performance incentive gave more effort and time to accomplish task complexity compared to auditor who did not receive performance incentive. Other results also show that effort variable plays as a mediating variable based on path analysis and sobelt test. And that audit judgment is influenced by auditor's effort, in which the higher the auditor's effort the higher the audit judgment he/she made, and similarly, a higher effort for a lower task complexity will result in a higher audit judgment, a high/low effort for a high task complexity does not result in a difference audit judgment.

Keywords: Incentive, Effort, Audit judgment, task complexity