



THE INFLUENCE OF AUDITORS' COMPETENCE, INDEPENDENCE, EXPERIENCE AND ETHICS ON AUDIT QUALITY

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Abstract

This study aimed to determine the influence of auditors' competence, independence, experience and ethics on audit quality. Determination of the sample in this study was done using the purposive sampling method with the criteria of auditors who have had a minimum of 3 years of work experience. The data in this study were obtained by distributing questionnaires to respondents at 16 Public Accounting Firms in Central Java, Indonesia. Data analysis in this study was multiple linear regression analysis by looking at its goodness of fit with the help of SPSS version 20. The results of this study indicate that auditors' competence, independence, experience and ethics simultaneously have a significant positive influence on audit quality. However, auditors' competence, independence, experience and ethics partially do not have an influence on audit quality.

Keywords: Competence, independence, experience, ethics, audit quality

INTRODUCTION

An audit is a process taken by a competent and independent person in order to collect and evaluate evidence regarding measurable information from a business entity (unit) to consider and report on the level of conformity of the measurable information with predetermined criteria. Auditors in carrying out an audit or examination always require verifiable information and standards or criteria that can be used as a guide to evaluating information (Arens and Loebbecke, 2000).

Public Accountants must be able to restore public trust by paying attention to the quality of the audits provided. Auditors must be able to increase self-potential and responsibility. Auditors should also pay more attention to several factors that affect audit quality.

Audit quality according to the Independent Review of the Financial Reporting Council (2018) is measured by the appropriate professional opinion of auditors and supported by evidence and an objective assessment. An auditor provides quality services to shareholders if they provide audit reports that are independent, reliable and supported by adequate audit evidence.

Competence is the ability of an auditor to apply the knowledge and experience he/she has in conducting audits so that he/she can audit carefully, attentively, and objectively (Carolita and Rahardjo, 2012).

Independence is an attitude that is not easily influenced—and does not take sides with anyone. Public accountants are not allowed to side with anyone's interests. Public accountants are obliged to be honest not only with management and company owners but also with creditors and other parties who place their trust in the work of public accountants (Ardini, 2010).

Experience is the skills and knowledge that a person gains after doing something. The experience of an auditor will continue to increase along with the more time to audit and the more complex the financial transactions of the audited company in order to expand knowledge in their field (Carolita and Rahardjo, 2012).

As for ethics, according to K. Bertens (1993), are moral values and norms that become a reference for human beings individually or in groups in regulating all their behavior.

General standards require auditors to have sufficient technical expertise and training in conducting audits. In addition to general standards, auditors must also uphold and comply with the professional code of ethics while carrying out their professional duties. The code of ethics regulates professional responsibilities where auditors are required to have sufficient competence, maintain independence, maintain high integrity and be objective during audits.

The difference between this study and previous studies lies in the variables to be studied. In this study, another variable, namely auditors' ethics, was added to analyze its

influence on audit quality. The results of this study are important because they can be used as input for auditors so that their clients' level of trust in auditors is increasing.

Problem Formulation

Based on the background explained, the main problems that can be formulated are:

1. Does competence have a significant positive influence on audit quality?
2. Does independence have a significant positive influence on audit quality?
3. Does experience have a significant positive influence on audit quality?
4. Do auditors' ethics have a significant positive influence on audit quality?

Therefore, the research objectives based on the background and problem formulation explained are:

1. To find out whether competence has a significant positive influence on audit quality.
2. To find out whether independence has a significant positive influence on audit quality.
3. To find out whether experience has a significant positive influence on audit quality.
4. To find out whether auditors' ethics have a significant positive influence on audit quality.

This study is expected to be useful for:

1. Company and Public Office Accountant—as input that can be used as a consideration to determine how much influence auditors' competence, independence, experience and ethics have on audit quality, especially for auditors at Public Accounting Firms so that the quality of audits produced by auditors is increasing.
2. Academics—as an insight that can be used to prepare students to be able to work in Public Accounting Firms by possessing competence, independence, experience and ethics as an auditor.

RESEARCH METHODS

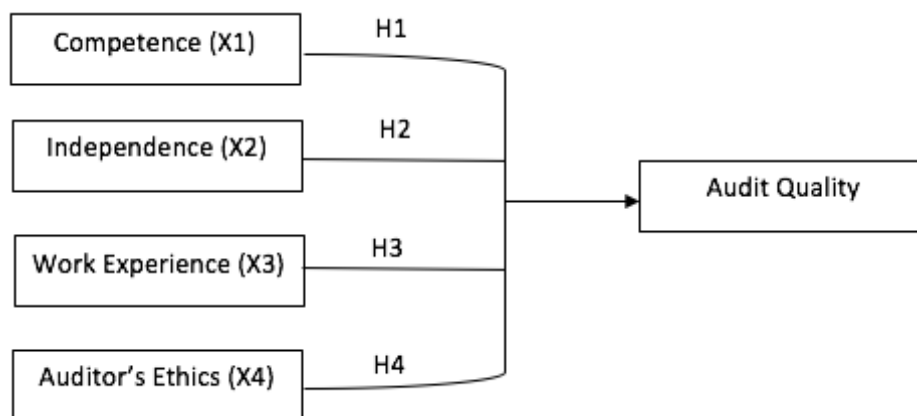
Public Accountant is a profession whose main activity is in external audit work. Public accountants are needed in increasing public trust in the activities and performance of the company. The public still expects public accountants to be able to provide confidence that the audited company has carried out the accounting process according to generally accepted standards and believed the process correctly. However, the existence of conflicts of interest between internal and external parties of the company requires public accountants to produce quality audited reports that can be used by these parties. Then the rampant financial scandals that occurred both at home and abroad have had a negative impact on public confidence in the public accounting profession.

These cases raise questions about how the quality of the audit produced by public accountants in auditing the client's financial statements.

Various studies on audit quality have been conducted previously and produced different findings regarding the factors that shape audit quality. However, it is generally concluded that to produce a quality audit, an auditor in an audit team is required to have adequate competence, good independence, sufficient experience and ethics in accordance with standards.

Therefore, based on the explanation above, a framework for this study can be developed, namely;

Figure 1. Theoretical Framework



Hypotheses Development

The influence of competence on audit quality

Auditors must have the knowledge to understand the entity being audited then they must also have the ability to work together in a team and the ability to analyze problems. Based on the explanation above, the hypothesis built is:

H1: Competence has a significant positive influence on audit quality.

The influence of independence on audit quality

In carrying out their duties, public accountants have shown an attitude of no personal interest in carrying out their work; they always carry out audit procedures aimed at assessing the fairness of financial statements so that they are trusted by users of financial statements as independent parties to provide adequate assurance regarding management's assertions. Based on this explanation, the hypothesis built is:

H2: Independence has a significant positive influence on audit quality.

The influence of experience on audit quality

Experience can significantly improve audit judgment. The extensive experience of an auditor will result in an increased quality audit. Then experience will also affect a person's judgment or opinion thus an auditor who has extensive experience will be able to make a good assessment.

H3: Work experience has a significant positive influence on audit quality.

The influence of auditors' ethics on audit quality

Public accountants who have the awareness to behave ethically are committed to implementing the Code of Ethics for the Professional Public Accountant. If this commitment is maintained, violations can be avoided, so that public accountants can improve the quality of their audits. The formation of a high ethical environment in the Public Accounting Firm organization also makes auditors tend to have better audit judgment. Based on the discussion, it can be hypothesized that

H4: Auditors' ethics have a significant positive influence on audit quality.

Analysis Method

Data analysis was carried out using a computer program, namely the Statistical Package for Social Science (SPSS) version 20. Meanwhile, the analytical tool used in this study was multiple linear regression analysis with the aim of knowing the significant influence of independent variables including competence, independence, experience and auditors' ethics on the dependent variable, namely audit quality. The regression equation model used to test these hypotheses is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where: Y = Audit Quality

α = Constant, the intersection of the X-axis

X1 = Competence

X2 = Independence

X3 = Experience

X4 = Auditors' Ethics

β_1 = Coefficient of Competency Variable

β_2 = Coefficient of Independent Variable

β_3 = Coefficient of Experience Variable

β_4 = Coefficient of Auditors' Ethics Variable

e = Error / Residual

The Data

The type of data used in this study is primary data obtained from distributing questionnaires to respondents in the form of written questions regarding auditors' perception of audit quality. The data collection used was a five-point scale questionnaire. Each question of the variables studied was measured using a Likert scale which each item was given a score of 1 (one) to 5 (five). Alternative answers to each question are as follows:

Table 1. Alternative answers for each question

No	Alternative Answers	Score
1	Strongly Disagree	1
2	Do not Agree	2
3	Neutral	3
4	Agree	4
5	Totally Agree	5

Researchers distributed 80 questionnaires to anticipate questionnaires that were not returned. Furthermore, the data analysis techniques used in this study were instrument testing, namely testing the validity and reliability of the data—and then continued with the classical assumption test consisting of data normality, multicollinearity and heteroscedasticity tests. The influence of the independent variable on the dependent variable in this study was tested using multiple linear regression analysis, which was then observed for the goodness of fit, namely the coefficient of determination, model feasibility test (F statistic test) and hypotheses testing (t statistic test).

RESULTS AND DISCUSSIONS

The objects (respondents) of this research were auditors who have worked in Public Accounting Firms for at least 3 years in Central Java, Indonesia. The distribution of the questionnaires was carried out by sending them to the respondents at their respective Public Accounting Firms.

The questionnaires distribution process to data collection was carried out for 26 days, from November 18 to December 12, 2021. The number of questionnaires distributed was 80 questionnaires. The details of the distribution of the questionnaires and the rate of return of the questionnaires are as follows:

Table 2. Questionnaire Delivery and Return Details

Name of PAF	Questionnaire sent	Questionnaire returned	Questionnaire Can be used
Dr. Payamta, CPA	5	5	5
Rachmad Wahyudi	5	5	5
Wartono dan Rekan	5	5	5
Drs. Bismar, Munthalib & Yunus	5	5	5
Drs. Henry & Sugeng	5	5	5
Indarto Waluyo	5	5	5
Moh. Mahsun, Ak., M.Si., CPA	5	5	5
Drs. Soeroso Donosapoetro, MM	5	4	4
Drs. Hananta Budianto & Rekan	5	5	5
I. Soetikno	5	4	4
Riza, Adi, Syahril & Rekan	5	5	5
Ruchendi, Mardjito dan Rushadi	5	5	5
Sodikin & Harijanto	5	5	5
Drs. Tahrir Hidayat	5	4	4
Tarmizi Achmad	5	4	4
Yulianti, SE, BAP	5	4	4
Quantity	80	75	75

Based on these data, a total of 75 questionnaires were analyzed with a rate of return of questionnaires of 93.75%.

Hypothesis testing

Correlation coefficient

The multiple correlation coefficient in this study was used to measure the simultaneous closeness of the relationship between the variables of competence, independence, experience and auditors' ethics simultaneously on audit quality. The multiple correlation coefficient is indicated by (R) of 0.643 or 64.3%, which means that the correlation or relationship between the variables of competence, independence, experience and auditors' ethics simultaneously on audit quality has a fairly close relationship. The detailed results are as follows.

Table 3. The Results of The Coefficient of Determination Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,643 ^a	,414	,380	3,42025

- a. Predictors: (Constant), Ethics, Competence, Experience, Independence
b. Dependent Variable: Auditor's Quality

F Statistic Test

Based on the F statistical test using SPSS, it is known that F count is 12,358 with a significant level of 0.05. F table in this study was calculated using the formula in MS. Excel F table = F.INV.RT (p, df1, df2) with the following data:

Table 4. F Table Result

p	0.05
df1	4
df2	70
	nv.free-1
F table	2.50265646

Thus, the F table is rounded to 2.50. These results indicate that F count > F table (12.358 > 2.50). This calculation results in the conclusion that the influence of the variables of competence, independence, experience and auditors' ethics simultaneously on audit quality is significant. The detailed results are as follows:

Table 5. Simultaneous Significance Test Results (F Test) ANOVA)

Model	Sum of squares	Df	Mean Square	F	Sig.
1 Regression	578,250	4	144,562	12,358	,000 ^b
Residual	818,870	70	11,698		
Total	1397,120	74			

- a. Dependent Variable: Auditor's Quality
B. Predictors: (Constant), Ethics, Competence, Experience, Independence

t Statistic Test

The t statistic test in this study was used to test the significance of the influence of the independent variable individually (partially) on the dependent variable (Ardini, 2010). The calculation used in this study is as follows:

- Total data (n) = 75
- Number of independent variables (k) = 4
- significance level (2 sides), sign = 0.05 = 0.025

df (nk) = 75 – 4 = 71 where (n is the number of data and k is the number of independent variables). These results indicate that the t table obtained from the statistical table is 1.9939 (see appendix). If t count ≤ t table then Ho is accepted, whereas if t count > t table then Ho is rejected.

Table 6. Individual Parameter Significance Test Results

Model	Unstandardized Coefficient		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1(Constant)	12,600	5,575		2,260	,027
Competence	,352	,199	,324	1,772	,081
Independence	,252	,392	,120	,642	,523
Experience	,349	,213	,188	1,639	,106
Ethics	,163	,084	,190	1,952	,055

a. Dependent Variable: Auditor's Quality

Based on the four independent variables input into the regression model of the constant values and regression coefficients, it is known that the multiple linear regression equation is as follows:

$$Y = 12,600 + 0.352 X_1 + 0.252 X_2 + 0.349 X_3 + 0.163 X_4 + e$$

Discussion of Results and Hypotheses Testing

Based on the above equation, it can be explained the influence of each independent variable on the dependent variable. The following is a summary of the final results of hypotheses testing in this study.

Competence (H1)

The first statistical test hypothesis shows that the data from the case study do not support the first hypothesis where competence has a significant positive influence on audit

quality. The results of data analysis on the t test show the results of $t \text{ count} < t \text{ table}$ ($1.772 < 1.9939$) and not significant at the 5% significance level ($0.081 > 0.05$) so H1 is rejected.

Independence (H2)

The second statistical test hypothesis shows that the data from the case study do not support the second hypothesis where independence has a significant positive influence on audit quality. The results of data analysis on the t test show the results of $t \text{ count} < t \text{ table}$ ($0.642 < 1.9939$) and not significant at the 5% significance level ($0.523 > 0.05$) so H2 is rejected.

Experience (H3)

The third statistical test hypothesis shows that the data from the case study do not support the third hypothesis where experience has a significant positive influence on audit quality. The empirical results of data analysis on the t test show the results of $t \text{ count} < t \text{ table}$ ($1.639 < 1.9939$) and not significant at the 5% significance level ($0.106 > 0.05$) so H3 is rejected.

Auditors' ethics (H4)

The fourth statistical test hypothesis shows that the data from the case study do not support the fourth hypothesis where auditors' ethics have a significant positive influence on audit quality. The results of data analysis on the t test show the results of $t \text{ count} < t \text{ table}$ ($1.952 < 1.9939$) and not significant at the 5% significance level ($0.055 > 0.05$) so H4 is rejected.

CONCLUSION

This study aimed to determine the influence of auditors' competence, independence, experience and ethics on audit quality. This study was conducted using a questionnaire survey method, with a total of 75 respondent auditors who have worked in Public Accounting Firms for at least 3 years in the Central Java region, Indonesia. Based on the study that has been done, it can be concluded:

1. Simultaneously, auditors' competence, independence, experience and ethics have a significant positive influence on audit quality in the Central Java region, Indonesia;
2. Meanwhile, partially, auditors' competence, independence, experience and ethics have no influence on audit quality in the Central Java region, Indonesia;

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APPENDIXES

Percentage Point Distribution t (df=1-40)

Pr	0.25	0.10	0.05	0.025	0.01	0.005	0.001
df	0.50	0.20	0.10	0.050	0.02	0.010	0.002
1	1.00000	3.07768	6.31375	12.70620	31.82052	63.65674	318.30884
2	0.81650	1.88562	2.91999	4.30265	6.96456	9.92484	22.32712
3	0.76489	1.63774	2.35336	3.18245	4.54070	5.84091	10.21453
4	0.74070	1.53321	2.13185	2.77645	3.74695	4.60409	7.17318
5	0.72689	1.47588	2.01505	2.57058	3.36493	4.03214	5.89343
6	0.71756	1.43976	1.94318	2.44691	3.14267	3.70743	5.20763
7	0.71114	1.41492	1.89458	2.36462	2.99795	3.49948	4.78529
8	0.70639	1.39682	1.85955	2.30600	2.89646	3.35539	4.50079
9	0.70272	1.38303	1.83311	2.26216	2.82144	3.24984	4.29681
10	0.69981	1.37218	1.81246	2.22814	2.76377	3.16927	4.14370
11	0.69745	1.36343	1.79588	2.20099	2.71808	3.10581	4.02470
12	0.69548	1.35622	1.78229	2.17881	2.68100	3.05454	3.92963
13	0.69383	1.35017	1.77093	2.16037	2.65031	3.01228	3.85198
14	0.69242	1.34503	1.76131	2.14479	2.62449	2.97684	3.78739
15	0.69120	1.34061	1.75305	2.13145	2.60248	2.94671	3.73283
16	0.69013	1.33676	1.74588	2.11991	2.58349	2.92078	3.68615
17	0.68920	1.33338	1.73961	2.10982	2.56693	2.89823	3.64577
18	0.68836	1.33039	1.73406	2.10092	2.55238	2.87844	3.61048
19	0.68762	1.32773	1.72913	2.09302	2.53948	2.86093	3.57940
20	0.68695	1.32534	1.72472	2.08596	2.52798	2.84534	3.55181
21	0.68635	1.32319	1.72074	2.07961	2.51765	2.83136	3.52715
22	0.68581	1.32124	1.71714	2.07387	2.50832	2.81876	3.50499
23	0.68531	1.31946	1.71387	2.06866	2.49987	2.80734	3.48496
24	0.68485	1.31784	1.71088	2.06390	2.49216	2.79694	3.46678
25	0.68443	1.31635	1.70814	2.05954	2.48511	2.78744	3.45019
26	0.68404	1.31497	1.70562	2.05553	2.47863	2.77871	3.43500
27	0.68368	1.31370	1.70329	2.05183	2.47266	2.77068	3.42103
28	0.68335	1.31253	1.70113	2.04841	2.46714	2.76326	3.40816
29	0.68304	1.31143	1.69913	2.04523	2.46202	2.75639	3.39624
30	0.68276	1.31042	1.69726	2.04227	2.45726	2.75000	3.38518
31	0.68249	1.30946	1.69552	2.03951	2.45282	2.74404	3.37490
32	0.68223	1.30857	1.69389	2.03693	2.44868	2.73848	3.36531
33	0.68200	1.30774	1.69236	2.03452	2.44479	2.73328	3.35634
34	0.68177	1.30695	1.69092	2.03224	2.44115	2.72839	3.34793
35	0.68156	1.30621	1.68957	2.03011	2.43772	2.72381	3.34005
36	0.68137	1.30551	1.68830	2.02809	2.43449	2.71948	3.33262
37	0.68118	1.30485	1.68709	2.02619	2.43145	2.71541	3.32563
38	0.68100	1.30423	1.68595	2.02439	2.42857	2.71156	3.31903
39	0.68083	1.30364	1.68488	2.02269	2.42584	2.70791	3.31279
40	0.68067	1.30308	1.68385	2.02108	2.42326	2.70446	3.30688

Percentage Point Distribution t (df=1-40)

df	Pr	0.25	0.10	0.05	0.025	0.01	0.005	0.001
		0.50	0.20	0.10	0.050	0.02	0.010	0.002
41	0.68052	1.30254	1.68288	2.01954	2.42080	2.70118	3.30127	
42	0.68038	1.30204	1.68195	2.01808	2.41847	2.89807	3.29595	
43	0.68024	1.30155	1.68107	2.01669	2.41625	2.89510	3.29089	
44	0.68011	1.30109	1.68023	2.01537	2.41413	2.89228	3.28607	
45	0.67998	1.30065	1.67943	2.01410	2.41212	2.88959	3.28148	
46	0.67986	1.30023	1.67866	2.01290	2.41019	2.88701	3.27710	
47	0.67975	1.29982	1.67793	2.01174	2.40835	2.88456	3.27291	
48	0.67964	1.29944	1.67722	2.01063	2.40658	2.88220	3.26891	
49	0.67953	1.29907	1.67655	2.00958	2.40489	2.87995	3.26508	
50	0.67943	1.29871	1.67591	2.00856	2.40327	2.87779	3.26141	
51	0.67933	1.29837	1.67528	2.00758	2.40172	2.87572	3.25789	
52	0.67924	1.29805	1.67469	2.00665	2.40022	2.87373	3.25451	
53	0.67915	1.29773	1.67412	2.00575	2.39879	2.87182	3.25127	
54	0.67906	1.29743	1.67358	2.00488	2.39741	2.86998	3.24815	
55	0.67898	1.29713	1.67303	2.00404	2.39608	2.86822	3.24515	
56	0.67890	1.29685	1.67252	2.00324	2.39480	2.86651	3.24226	
57	0.67882	1.29658	1.67203	2.00247	2.39357	2.86487	3.23948	
58	0.67874	1.29632	1.67155	2.00172	2.39238	2.86329	3.23680	
59	0.67867	1.29607	1.67109	2.00100	2.39123	2.86176	3.23421	
60	0.67860	1.29582	1.67065	2.00030	2.39012	2.86028	3.23171	
61	0.67853	1.29558	1.67022	1.99962	2.38905	2.85886	3.22930	
62	0.67847	1.29536	1.66980	1.99897	2.38801	2.85748	3.22696	
63	0.67840	1.29513	1.66940	1.99834	2.38701	2.85615	3.22471	
64	0.67834	1.29492	1.66901	1.99773	2.38604	2.85485	3.22253	
65	0.67828	1.29471	1.66864	1.99714	2.38510	2.85360	3.22041	
66	0.67823	1.29451	1.66827	1.99656	2.38419	2.85239	3.21837	
67	0.67817	1.29432	1.66792	1.99601	2.38330	2.85122	3.21639	
68	0.67811	1.29413	1.66757	1.99547	2.38245	2.85008	3.21446	
69	0.67806	1.29394	1.66724	1.99495	2.38161	2.84898	3.21260	
70	0.67801	1.29376	1.66691	1.99444	2.38081	2.84790	3.21079	
71	0.67796	1.29359	1.66660	1.99394	2.38002	2.84686	3.20903	
72	0.67791	1.29342	1.66629	1.99346	2.37926	2.84585	3.20733	
73	0.67787	1.29326	1.66600	1.99300	2.37852	2.84487	3.20567	
74	0.67782	1.29310	1.66571	1.99254	2.37780	2.84391	3.20406	
75	0.67778	1.29294	1.66543	1.99210	2.37710	2.84298	3.20249	
76	0.67773	1.29279	1.66515	1.99167	2.37642	2.84208	3.20096	
77	0.67769	1.29264	1.66488	1.99125	2.37576	2.84120	3.19948	
78	0.67765	1.29250	1.66462	1.99085	2.37511	2.84034	3.19804	
79	0.67761	1.29236	1.66437	1.99045	2.37448	2.83950	3.19663	
80	0.67757	1.29222	1.66412	1.99006	2.37387	2.83869	3.19526	