

# THE EFFECT OF PROFESSIONALISM AND INDEPENDENCE ON AUDIT QUALITY MODERATED BY COMPETENCE

Ganesha Aryayoga Saryadi<sup>1</sup>, Devy Pusposari<sup>2</sup>

<sup>1,2</sup>*Accounting Department, Faculty of Economics and Business, University of Brawijaya, Indonesia*

**Abstract.** In carrying out their duties, auditors are required to produce good audit quality. Good audit quality can be seen in the factors that influence it. This research was created with the aim of finding out whether professionalism and independence influence audit quality and whether competence moderates professionalism and independence on audit quality. The research method used is a quantitative method with data collection methods in the form of questionnaires. The population in this research is a Public Accounting Firm in South Jakarta with a sample size of 75 auditors. The results of this research state that professionalism influences audit quality while independence has no influence and competence can moderate professionalism and independence.

**Keywords:** Audit Quality, Professionalism, Independence, Competence, Public Accounting Firms in South Jakarta

## I. INTRODUCTION

In the era of ongoing globalization, criminal acts in the accounting field are increasingly widespread. Auditing is an important step for Indonesian companies to ensure that each employee carries out their duties effectively and efficiently, so that company goals can be achieved optimally. One of the professions entrusted by the public or companies is the Public Accountant Profession. Public Accountant is a profession that provides services as a professional who has a license from the state to practice as a private accountant who works independently (Ajeng, 2022). The Public Accounting Firm plays a key role in ensuring the accountability and fairness of the company's financial statements.

In an increasingly complex business environment, the change in the corporate paradigm from linearity to system thinking requires public accountants to provide audit services not only to provide Independent Audit Reports (LAI) but also to be able to provide added value to the auditee to maintain its business continuity, for this reason, audit quality is required from public accountants who work in public accounting firms.

The importance of the role of audit quality in maintaining the audit process so that it can run well (Laksita & Sukirno, 2019). An auditor should present the audited financial statements in accordance with the level of fairness and in accordance with generally accepted accounting principles so that the resulting audit quality is questioned for fairness (Mutiar, 2018).

The Indonesian Institute of Certified Public Accountants (IAPI) has shown significant progress in adopting international auditing standards and codes of ethics. This is done through a convergence process that aims to improve audit quality in Indonesia and align with global practices. In addition to auditing standards, IAPI also adopted the International Code of Ethics

for Professional Accountants (IESBA) published by the International Ethics Standards Board for Accountants (IESBA). The implementation of this code of ethics aims to ensure that auditors in Indonesia uphold professionalism and integrity in carrying out their duties.

IAPI convergence with international standards has several main objectives, namely improving audit quality, increasing transparency and accountability, facilitating trade and investment. The implementation of international audit standards and codes of ethics by IAPI is the right step to improve audit quality in Indonesia and support national economic growth.

Regulations regarding public accountants have been regulated in the Public Accountant Law No. 5 of 2011, previously public accountants were only regulated by the Minister of Finance Regulation Number 17 / PMK.01 / 2008 concerning Public Accountant Services. With the enactment of the Public Accountant Law No. 5 of 2011 requires public accounting firms to be able to maintain and improve Audit quality.

Negligence of Audit Quality for Public accountants who are in the Public Accounting Firm may be subject to sanctions. The first case involves negligence violations in audit quality committed by Public Accountant (AP) Kasner Sirumapea and Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Partners, who acted as auditors for the financial statements of PT Garuda Indonesia (Persero) Tbk and Subsidiaries in the 2018 Financial Year. The violation is in the form of not fully complying with Auditing Standard (SA) 315 related to Identifying and Assessing the Risk of Material Misstatement Through Understanding the Entity and Its Environment. More specifically, Public Accountant Kasner Sirumapea made audit errors related to receivables amounting to Rp2.9 trillion originating from Wi-Fi installation cooperation with PT Mahata Aero Teknologi. This receivable has been recorded as revenue in Garuda's financial statements, but it is not in accordance with Financial Accounting Standard Regulation (PSAK) 23 on Revenue. PSAK 23 states that receivables cannot be considered as revenue because the level of settlement of receivable payments cannot be measured reliably. As a consequence of the violation, a 12-month license suspension was imposed on Public Accountant Kasner Sirumapea. In addition, the Public Accounting Firm Tanubrata, Sutanto, Fahmi, Bambang & Partners was given a written warning and required to improve the quality control system in their office.

Based on the above phenomenon, it is evident that many auditors are still unable to fulfill their professional standards and responsibilities properly so that good audit quality is not achieved. Based on previous research, there are many factors that can determine audit quality including 1) Auditor professionalism, Zainal (2010), 2) Integrity, Maulana (2020), 3) Audit fees, Latifah, et al. (2019), 4) Due professional care, Faturachman and Nugraha (2015), 5) Auditor training, Ayuni (2008), 6) Independence, Tjun, et al. (2012), 7) Competence, Alim, et al. (2007), 8) Objectivity, Furiady and Kurnia (2015), 9) Auditor ethics, Kurnia, et al. (2014) and 10) Auditor experience, Martani, et al. (2013). However, this study is limited to only three factors, namely professionalism, independence, competence to conduct further research on audit quality. Auditor independence and professionalism are crucial factors in maintaining audit quality. Auditor independence is the main basis in ensuring the integrity and reliability of the audit process. When auditors are not influenced by personal or external interests, they can provide an objective view of the company's finances. This is in line with Nurbaiti and Prakasa (2022) who state that independence has a significant positive effect on audit quality. This means that the higher the independence, the higher the audit quality for the results of the examination. However, the results of research conducted by Hidayat and Susiani (2023) state that independence has no effect on audit quality.

Auditor professionalism includes in-depth knowledge of accounting principles and applicable regulations, which allows them to identify problems and policies that may affect the company's financial statements. Public trust in the company's financial statements is highly dependent on the independence and professionalism of auditors, because stakeholders such as investors, creditors, and other interested parties rely on audit results for their decision making. Independent and professional auditors can also help ensure that audits are carried out with a high level of thoroughness and accuracy, so that the potential for error or fraud can be minimized. Thus, good audit quality obtained through auditor independence and professionalism can create greater confidence in the company's financial information, which in turn will support stability and transparency in financial markets. This is in line with Agusti and Pertiwi (2013) who state that professionalism has a significant effect on audit quality. However, the results of research conducted by Fietoria (2016) state that professionalism has no effect on audit quality.

The relationship between professionalism, independence, and audit quality is closely intertwined, and auditor competence is the reinforcing thread. Extensive knowledge, skills, and experience enable auditors to apply audit standards carefully, detect risks observantly, and deliver results objectively. It is this competence that builds trust with financial statement users, enhances entity accountability, and promotes transparency. Thus, continuous development of auditor competence is the key to producing quality audits and maintaining professional integrity. This is in line with research by Novita, et al. (2023) which states that competence has a significant positive effect on audit quality. This means that the higher the competence, the higher the audit quality for the results of the examination. However, the results of research conducted by Fauzan et al. (2021) state that competence has no effect on audit quality.

The professionalism and independence of auditors will increase their belief and perception that high-quality audits are important and expected by others. Professional auditors will always follow applicable auditing standards and be objective in their assessments and independent auditors will not have financial or personal relationships with their clients that could influence their judgment. Auditor competence makes it easier for them to conduct high-quality audits. When auditors have high competence, they are better able to perform high-quality audits because competent auditors have the necessary knowledge and skills, despite facing pressure to do otherwise, for example from clients and superiors.

South Jakarta, as a major financial and business center in Indonesia, is the center of attention in the world of audit services. The concentration of a large number of reputable Public Accounting Firms (KAP) in the region, which serve a variety of large-scale and multinational companies, makes South Jakarta a very conducive environment for research on audit quality. This study aims to identify and analyze the effect of auditor independence and professionalism on audit quality at KAP in South Jakarta. With its unique characteristics, such as high business complexity, strict regulation, and good accessibility, South Jakarta offers a diversity of data that allows us to empirically test how these factors affect audit quality. In addition, the findings of this study are expected to make a significant contribution to the development of accounting practices in Indonesia and increase public confidence in the quality of financial statements.

## II. LITERATURE REVIEW

### A. *Theory of Planned Behavior*

The Theory of Planned Behavior, originally known as the Theory of Rational Action in 1967 by Icek Ajzen and Martin Fishbein, was expanded in 1980 to the Theory of Planned Behavior.

According to this theory, individuals' attitudes towards a behavior, subjective norms, and perceived behavioral control influence their intention to act. The intention to perform an action increases if individuals have a positive attitude, social support, and perceived ease without barriers. Ajzen (1991) explains that people generally act rationally by considering available information and the consequences of their actions. In the context of auditing, auditor professionalism and independence play an important role in increasing the intention to provide quality audits, where auditor competence moderates the relationship between professionalism, independence, and the resulting audit quality.

#### *B. Agency Theory*

Jensen and Meckling (1976) define an agency relationship as a contract in which principals ask agents to carry out tasks on their behalf, which involves delegation of authority. However, if both parties seek to maximize their respective utilities, the agent does not always act in the best interests of the principal. They identify two main problems: Moral Hazard, which is when the agent does not fulfill the covenants in the contract, and Adverse Selection, which is when the principal cannot ensure the agent's decisions are based on correct information. Principals can overcome this by adopting audit and corporate governance functions and providing incentives to agents. Auditors as independent parties are responsible for providing objective opinions on financial statements, although business relationships with clients can affect their independence. Auditor competence is considered an incentive to improve audit quality, which in turn is expected by the principal to maintain reputation and attract more clients.

#### *C. Professionalism*

Professionalism is an attitude that must be possessed by every individual in the profession, especially in the auditor profession, where public trust in the quality of audit services can be improved by applying adequate work standards and ethics (Arens et al., 2013). This includes efficient business practices, accuracy in documenting audits, adequacy of evidence, and completeness of audit reports. According to Faris, Alim, and Auliyah (2015), auditors must use knowledge, skills, and experience to ensure that financial statements are free from material errors, whether caused by errors or fraud. In accordance with IAPI in SA (200), auditors are required to be honest, careful, and objective in every task performed.

#### *D. Independence*

Independence is an attitude that is free from influence, not controlled by other parties, not dependent on others (Ajeng, Ramlah, Indri 2022). According to (Ajeng, Ramlah, Indri 2022), independence also means that there is honesty in the auditor in considering the fact that there is objective consideration with impartiality in the auditor in formulating and expressing opinions.

In the Public Accountant Professional Code of Ethics (KEPAP 2021), independence is related to the principles of objectivity and integrity. Independence in thought means having a mental attitude that is not affected by external pressures, thus enabling accountants to act with integrity, objectivity, and professional skepticism. Meanwhile, independence in appearance refers to the avoidance of situations that could lead a rational third party to conclude that integrity, objectivity, or professional skepticism has been impaired.

#### E. Audit Quality

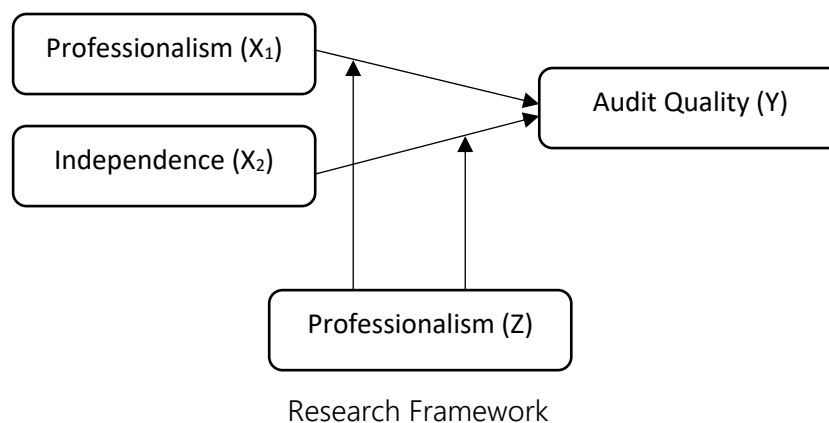
According to DeAngelo (1981) in Stefani (2019), audit quality is the auditor's likelihood of finding and reporting violations in the client's accounting system, which is related to the auditor's knowledge, experience, and skills. Hendi and Desiana (2019) added that audit quality includes the auditor's ability to find errors and report them, producing accurate and quality information. According to Arens et al. (2013) in Setyana et al. (2021), audit quality is reflected in the auditor's ability to detect material misstatements, which reflects the competence of the auditor, as well as reporting that reflects the integrity and independence of the auditor. Audit quality is considered high if it is carried out in accordance with auditing and quality control standards.

#### F. Competence

According to Arens et al. (2008), auditor competence is a combination of the knowledge, skills and experience required to carry out audits effectively and efficiently. IAPI (2016) adds that competence is the auditor's professional ability to apply knowledge in accordance with the Public Accountant Professional Standards, code of ethics, and legal provisions. IAPI recognizes auditor competence through professional certification, which includes three main elements: (1) Knowledge, such as understanding professional standards, codes of ethics, and the industry being audited; (2) Skills, such as audit evidence collection, communication skills, and problem solving; (3) Experience, including experience auditing various entities and using information technology in audits.

#### G. Research Framework

The research framework is a conceptual description that explains the relationship between the variables studied based on theory and the results of previous research. The framework serves as the basis for formulating hypotheses and serves as a guide in conducting research so that the direction of the research is more directed and systematic. With a framework, researchers can show the logic of the flow of thought regarding how the independent variable is expected to affect the dependent variable, so that the research has a strong foundation and can be scientifically accounted for.



#### H. Hypothesis Development

Professionalism to Audit Quality

Professional auditors recognize their responsibilities to management, client organizations, and colleagues, including ethical behavior. This professional attitude is reflected in the application of quality standards which are the hallmark of the profession or professionalism. This is in line with research conducted by Sangadah (2022) and Ajeng et al. (2022), they explain that professionalism has a positive effect on audit quality, which means that the higher the professionalism of auditors, the higher the level of audit quality. However, the results of research conducted by Fietoria (2016) state that professionalism has no effect on audit quality. Based on this description, the following hypothesis is created:

Ha1: Professionalism has a positive effect on audit quality

#### Independence on Audit Quality

The success of an auditor depends heavily on the importance of an independent attitude, which ensures that the auditor is not easily influenced by other parties. This is in line with research conducted by Ajeng et al. (2022) and Biri (2019), they explain that independence has a positive effect on audit quality, which means that the higher the auditor's independence attitude, the higher the level of audit quality. However, the results of research conducted by Hidayat and Susiani (2023) state that independence has no effect on audit quality. Based on this description, the following hypothesis is created,

Ha2: Independence has a positive effect on audit quality

#### Professionalism on Audit Quality Moderated by Competence

Reinforced by the results of research by Haryanto (2019) found that auditor competence has a positive effect on audit quality at KAP, which means that the higher the competence of the auditors, the better the audit quality will be. Haryanto (2019) also found that professionalism has a positive effect on audit quality, the higher the professionalism of the auditors, the better the audit quality will be. However, the results of research conducted by Fauzan et al. (2021) state that competence has no effect on audit quality.

Based on this description, the following hypothesis is created:

Ha3: Competence moderates the effect of auditor professionalism on audit quality

#### Independence on Audit Quality Moderated by Competence

Reinforced by the results of research by Indah Azhari (2016) auditor competence has a positive effect on audit quality at KAP, which means that the higher the competence of the auditors, the better the audit quality will be. Indah Azhari (2016) also found that independence has a positive effect on audit quality, the higher the independence of the auditors, the better the audit quality will be. However, the results of research conducted by Fau, et al. (2021) states that competence has no effect on audit quality. Based on this description, the following hypothesis is created:

Ha4: Competence moderates the effect of auditor independence on audit quality

### III. RESEARCH METHODOLOGY

#### A. *Type of Research and Population*

The type of research used in this research is a quantitative design in the form of a questionnaire that will be distributed to several KAPs in South Jakarta City. The population used in this study consists of external auditors in the South Jakarta area who work at KAP. The



number of KAP in South Jakarta according to the Financial Services Authority (OJK) is 102 with 300 auditors.

#### *B. Sampling Technique and Sample Size*

The sampling technique in this study was carried out by purposive sampling. Determination of the number of samples was carried out using the Slovin Formula. The Slovin formula stated by (Sinaga, 2014) focuses on determining the minimum sample size when the population size is known. The use of an allowance for inaccuracy due to a tolerable sampling error of 10% due to the large population. So the number of samples in this study were 75 auditors of the Public Accounting Firm in South Jakarta with each sample representing an individual.

#### *C. Data Collection Method*

In this study, researchers used a survey method in the form of a questionnaire with an interval scale in the form of a Likert scale of 1 to 5 which would be distributed to several KAPs in South Jakarta City in softfile or hardfile form.

#### *D. Data Analysis Method*

Data analysis techniques using SPSS 28 include: (1) Descriptive statistics, (2) Data quality tests (validity and reliability), (3) Classical assumption tests (normality, multicollinearity, heteroscedasticity), and (4) Hypothesis testing (t test,  $R^2$  test, F test, and Moderated Regression Analysis / MRA).

### IV. RESULT AND DISCUSSION

#### *A. Respondent Characteristics*

Based on Table 1, the majority of respondents in this study were aged 25-29 years, as many as 28 people (37%). In terms of education, most respondents have a bachelor's degree background, namely 63 people (84%). Based on length of service, respondents who have worked for more than 3 years dominate with 36 people (48%). Meanwhile, the position most held by respondents is Senior Auditor, as many as 31 people (41%).

Table 1. Characteristics of Respondents

| Description       | Number of Respondents | Percentage |
|-------------------|-----------------------|------------|
| Age               |                       |            |
| 20 - 24 Years     | 21                    | 28%        |
| 25 - 29 Years     | 28                    | 37%        |
| 30 - 34 Years     | 7                     | 9%         |
| >= 35 Years       | 19                    | 25%        |
| Last Education    |                       |            |
| D3                | 3                     | 4%         |
| S1                | 63                    | 84%        |
| S2                | 5                     | 7%         |
| S3                | 4                     | 5%         |
| Length of Service |                       |            |
| <1 Year           | 10                    | 13%        |
| 1 - 2 Years       | 17                    | 23%        |
| 2 - 3 Years       | 12                    | 16%        |

|                 |    |      |
|-----------------|----|------|
| >3 Years        | 36 | 48%  |
| Position at KAP |    |      |
| Partner         | 9  | 12%  |
| Manager         | 5  | 7%   |
| Supervisor      | 6  | 8%   |
| Senior Auditor  | 31 | 41%  |
| Junior Auditor  | 24 | 32%  |
| Total           | 75 | 100% |

Source: Primary Data Processed SPSS (2024)

#### B. Normality Test

Table 2. Normality Test Results

| <i>Kolmogorov Smirnov</i>     |               |             |
|-------------------------------|---------------|-------------|
| <i>Asymp. Sig. (2-tailed)</i> | $\alpha$ (5%) | Description |
| 0,200                         | 0,05          | Normal      |

Source: Primary Data Processed SPSS (2024)

In Table 2, it can be seen that the coefficient of Asymp. Sig. (2-tailed) = 0.2. Asymp. Sig. (2-tailed). = 0.2 above 0.05 means that the data meets the assumption of normality. Thus, the data collected has been normally distributed and has met the assumption of normality and can be further analyzed.

#### C. Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

| Model |                         | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|-------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                         | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)              | 20,932                      | 1,728      |                           | 12,116 | ,000 |
|       | Professionalism (x1)    | -,029                       | ,082       | -,043                     | -,352  | ,726 |
|       | Independence (x2)       | ,120                        | ,094       | ,151                      | 1,274  | ,207 |
|       | Competence (moderation) | -,058                       | ,061       | -,118                     | -,953  | ,344 |

Source: Primary Data Processed SPSS (2024)

Based on Table 3, it can be seen that all independent variables have a Sig. value above 0.05. This means that all independent variables have an insignificant effect on the absolute residual variable. Thus it can be stated that there is no heteroscedasticity problem in the independent variables in the study.

#### D. Multicollinearity Test Results

Table 4. Multicollinearity Test Results

| Model | Collinearity Statistics |
|-------|-------------------------|
|-------|-------------------------|



|   |                         | Tolerance | VIF   |
|---|-------------------------|-----------|-------|
| 1 | Professionalism (x1)    | ,913      | 1,096 |
|   | Independence (x2)       | ,953      | 1,050 |
|   | Competence (moderation) | ,875      | 1,142 |

Source: Primary Data Processed SPSS (2024)

Based on Table 4, it can be seen that for the four independent variables, the Variance Inflation Factor (VIF) number is smaller than 10, namely from 1.096 to 1.142. Thus, it can be concluded that there are no symptoms of multicollinearity between variables.

#### E. Test Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) is used to measure how far the model's ability to explain the dependent variables. This analysis is used to determine the percentage of the influence of the variables studied, or used to measure how far the model's ability is in order to explain the dependent variables.

Ha1: Professionalism has a positive effect on audit quality

Table 5. Test Coefficient of Determination (Ha1)

| Model | R                 | Model Summary |                   |  | Std. Error of the Estimate |
|-------|-------------------|---------------|-------------------|--|----------------------------|
|       |                   | R Square      | Adjusted R Square |  |                            |
| 1     | ,639 <sup>a</sup> | ,409          | ,401              |  | 1,956                      |

Source: Primary Data Processed SPSS (2024)

Based on Table 5, the amount of adjusted  $R^2$  is 0.401, this means that 40.1% of the dependent variable on audit quality is influenced by the independent variable of professionalism. While the remaining 59.9% is influenced by other variables that are not included in this study.

Ha2: Independence has a positive effect on audit quality

Table 6. Ha2 Determination Coefficient Test

| Model | R                 | Model Summary |                   |  | Std. Error of the Estimate |
|-------|-------------------|---------------|-------------------|--|----------------------------|
|       |                   | R Square      | Adjusted R Square |  |                            |
| 1     | ,147 <sup>a</sup> | ,022          | ,008              |  | 2,517                      |

Source: Primary Data Processed SPSS (2024)

Based on Table 6, the amount of adjusted  $R^2$  is 0,008, this means that 0.8% of the dependent variable audit quality is influenced by the independent variable independence. While the remaining 99.2% is influenced by other variables that are not included in this study.

Ha3: Competence moderates the effect of auditor professionalism on audit quality

Table 7. Ha3 Determination Coefficient Test

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | ,723 <sup>a</sup> | ,523     | ,510              | 1,770                      |

Source: Primary Data Processed SPSS (2024)

Based on Table 7, the amount of adjusted R<sup>2</sup> is 0,510, this means that 51% of the dependent variable on audit quality is influenced by the professionalism variable which is moderated by competence. While the remaining 49% is influenced by other variables that are not included in this study, it can be concluded that the moderating variable competence strengthens the relationship between the independent variable professionalism on the dependent variable audit quality.

Ha4: Competence moderates the effect of auditor independence on audit quality

Table 8. Ha4 Determination Coefficient Test

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | ,694 <sup>a</sup> | ,482     | ,468              | 1,844                      |

Source: Primary Data Processed SPSS, 2024

Based on Table 8, the amount of adjusted R<sup>2</sup> is 0,468, this means that 46.8% of the dependent variable on audit quality is influenced by the independence variable which is moderated by competence. While the remaining 53.2% is influenced by other variables that are not included in this study, it can be concluded that the moderating variable competence strengthens the relationship between the independent variable independence on the dependent variable audit quality.

#### F. Model Feasibility Test ( $F^2$ )

To test the effect of the independent variables together on the dependent variable in this study, testing was carried out using the F-test which was used by looking at the significance of F in the regression results output with a significance of 0.05 ( $\alpha = 5\%$ ).

Ha1: Professionalism has a positive effect on audit quality

Table 9. Model feasibility test Ha1

| ANOVA <sup>a</sup> |            |                |    |             |        |                   |
|--------------------|------------|----------------|----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df | Mean Square | F      | Sig.              |
| 1                  | Regression | 193,232        | 1  | 193,232     | 50,480 | ,000 <sup>b</sup> |
|                    | Residual   | 279,434        | 73 | 3,828       |        |                   |
|                    | Total      | 472,667        | 74 |             |        |                   |

Source: Primary Data Processed SPSS (2024)

Based on Table 9, it can be seen that the calculated F value is obtained at 50.480 with a significance level of 0.000 because the significance level is smaller than 0.05, it can be said that professionalism has a significant effect on audit quality.

Ha2: Independence has a positive effect on audit quality

Table 10. Ha2 Model Feasibility Test

|   |            | ANOVA <sup>a</sup> |    |             |       |                   |
|---|------------|--------------------|----|-------------|-------|-------------------|
|   | Model      | Sum of Squares     | df | Mean Square | F     | Sig.              |
| 1 | Regression | 10,229             | 1  | 10,229      | 1,615 | ,208 <sup>b</sup> |
|   | Residual   | 462,438            | 73 | 6,335       |       |                   |
|   | Total      | 472,667            | 74 |             |       |                   |

Source: Primary Data Processed SPSS (2024)

Based on Table 10, it can be seen that the calculated F value is obtained at 1.615 with a significance level of 0.208 because the significance level is greater than 0.05, it can be said that independence has no significant effect on audit quality.

Ha3: Competence moderates the effect of auditor professionalism on audit quality

Based on Table 11 below, it can be seen that the calculated F value is obtained at 39.449 with a significance level of 0.000 because the significance level is less than 0.05, it can be said that professionalism moderated by competence has a simultaneous and significant effect on audit quality.

|   |            | Model Feasibility Test Ha3<br>ANOVA <sup>a</sup> |    |             |        |                   |
|---|------------|--|----|-------------|--------|-------------------|
|   | Model      | Sum of Squares                                   | df | Mean Square | F      | Sig.              |
| 1 | Regression | 247,137  | 2  | 123,568     | 39,449 | ,000 <sup>b</sup> |
|   | Residual   | 225,530  | 72 | 3,132       |        |                   |
|   | Total      | 472,667  | 74 |             |        |                   |

Source: Primary Data Processed SPSS (2024)

Ha4: Competence moderates the effect of auditor independence on audit quality

|   |            | Table 12. Model Feasibility Test Ha3<br>ANOVA <sup>a</sup> |    |             |        |                   |
|---|------------|--|----|-------------|--------|-------------------|
|   | Model      | Sum of Squares   | df | Mean Square | F      | Sig.              |
| 1 | Regression | 227,941  | 2  | 113,970     | 33,531 | ,000 <sup>b</sup> |
|   | Residual   | 244,726  | 72 | 3,399       |        |                   |
|   | Total      | 472,667  | 74 |             |        |                   |

Source: Primary Data Processed SPSS (2024)

Based on Table 12, it can be seen that the calculated F value is obtained at 33.531 with a significance level of 0.000, because the significance level is smaller than 0.05, it can be said that independence moderated by competence has a simultaneous and significant effect on audit quality.

### G. Hypothesis Test (t Test)

The t test is intended to determine the effect partially, or to determine whether there is an influence of one independent variable on the dependent variable. Table 4.5.3 is the result of the t statistical test and in the test results.

Ha1: Professionalism has a positive effect on audit quality

Table 13. Ha1 t test results

| Coefficients <sup>a</sup> |            |                             |            |                           |            |
|---------------------------|------------|-----------------------------|------------|---------------------------|------------|
| Model                     |            | Unstandardized Coefficients |            | Standardized Coefficients |            |
|                           |            | B                           | Std. Error | Beta                      | t Sig.     |
| 1                         | (Constant) | 11,138                      | 2,225      |                           | 5,005 ,000 |
|                           | x1         | ,719                        | ,101       | ,639                      | 7,105 ,000 |

Source: Primary Data Processed SPSS (2024)

Based on Table 13, it can be seen that from the results of the t test calculation, it can be seen that the t value is 7.105 with a significant 0.000 of the professionalism variable has a positive coefficient direction. So it can be concluded that Ho is rejected and Ha is accepted, meaning that the professionalism variable (1) has an effect on audit quality.

Ha2: Independence has a positive effect on audit quality

Based on Table 14 below, it can be seen that from the results of the t test calculation, it can be seen that the t value is 1.271 with a significant 0.208 of the independence variable has a positive coefficient direction. So it can be concluded that Ho is accepted and Ha is rejected, meaning that the independence variable (x2) has no effect on audit quality.

Table 14. Ha2 t test results

| Coefficients |            |                             |            |                           |             |
|--------------|------------|-----------------------------|------------|---------------------------|-------------|
| Model        |            | Unstandardized Coefficients |            | Standardized Coefficients |             |
|              |            | B                           | Std. Error | Beta                      | t Sig.      |
| 1            | (Constant) | 25,061                      | 1,450      |                           | 17,281 ,000 |
|              | x2         | ,103                        | ,081       | ,147                      | 1,271 ,208  |

Source: Primary Data Processed SPSS (2024)

Ha3: Competence moderates the effect of auditor professionalism on audit quality

Table 15. Ha3 t test results

| Coefficients |            |                             |            |                           |            |
|--------------|------------|-----------------------------|------------|---------------------------|------------|
| Model        |            | Unstandardized Coefficients |            | Standardized Coefficients |            |
|              |            | B                           | Std. Error | Beta                      | t Sig.     |
| 1            | (Constant) | 19,162                      | 2,792      |                           | 6,864 ,000 |
|              | x1         | -,117                       | ,221       | -,104                     | -,529 ,599 |
|              | x1z        | ,016                        | ,004       | ,817                      | 4,148 ,000 |

Source: Primary Data Processed SPSS (2024)

Based on Table 15, it can be seen that from the results of the t test calculation, it can be seen that the t value is 4.148 with a significant 0.000 of the professionalism variable which is

moderated by competence has a positive coefficient direction. So it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, meaning that the competency variable (m) is moderating professionalism (x1) on audit quality.

Ha4: Competence moderates the effect of auditor independence on audit quality

Table 16. Ha4 t test results

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
|              | B                           | Std. Error | Beta                      |        |      |
| 1 (Constant) | 27,694                      | 1,112      |                           | 24,903 | ,000 |
| x2           | -,893                       | ,138       | -1,276                    | -6,477 | ,000 |
| x2z          | ,029                        | ,004       | 1,577                     | 8,003  | ,000 |

Source: Primary Data Processed SPSS (2024)

Based on this table, it can be seen that from the results of the t test calculation, it can be seen that the t value is 8.003 with a significant 0.000 of the independence variable which is moderated by competence has a positive coefficient direction. So it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, meaning that the competency variable (m) is moderating independence (x2) on audit quality.

#### H. Linear Regression Analysis

Linear analysis is an analysis to determine the effect of independent variables (independent) on one dependent variable (dependent). The results of linear regression analysis are to test how much influence the independent variable has on the dependent variable in this research. . Based on tables 4.5.3.1 to 4.5.3.4, a linear regression equation can be made, the following equation.

Linear Regression

$$Y = a + b_1x_1 \text{ (I)}$$

$$Y = 11,138 + 0,719$$

$$Y = a + b_2x_2 \text{ (II)}$$

$$Y = 25,061 + 0,103$$

Then the interpretation of the following equation is:

- H1: The coefficient value of professionalism (x1) of (0.719) means that professionalism is positively correlated with the value of audit quality (Y). A positive coefficient means that the relationship is in the same direction between professionalism and audit quality. The higher the professionalism, the higher the audit quality.
- H2: The coefficient value of independence (x2) is (0.103), meaning that independence is positively correlated with the value of audit quality (Y). The coefficient is positive, meaning that the relationship is in the same direction between professionalism and audit quality. The higher the independence, the higher the audit quality.

#### I. Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains an element of interaction (multiplication of two or more independent variables). To find out whether the moderating

variable can strengthen or weaken the independent variable on the dependent variable. Based on the previous table, a moderation regression equation can be made, the following equation.

Moderation Regression

$$Y = a + b_1x_1 + b_3x_1z \text{ (III)}$$

$$Y = 19,162 - 0,117 + 0,016$$

$$Y = a + b_2x_2 + b_4x_2z \text{ (IV)}$$

$$Y = 27,694 - 0,893 + 0,029$$

Then the interpretation of the following equation is:

- H3: The coefficient of interaction between professionalism (x1) and competence (z) is (0.016) meaning that 0.016x1z This interaction is positive. This means that as z increases, x1 on Y becomes stronger. This means that when competence (z) is high, it will strengthen auditor professionalism (x1) on audit quality (Y).
- H4: The coefficient value of the interaction between independence (x2) and competence (z) is (0.029), meaning that 0.029x2z This interaction is positive. This means that as z increases, x2 on Y becomes stronger. This means that when competence (z) is high, it will strengthen independence (x2) on audit quality (Y).

#### *J. Discussion*

##### *The Effect of Independence on Audit Quality*

The results of this study indicate that auditor independence has no effect on audit quality, supporting the acceptance of Ho2 and the rejection of Ha2. Agency theory assumes that auditors (agents) tend to act to maximize personal interests, which may not be in line with the interests of the principal. Control mechanisms, including independence, are necessary to reduce the risk of opportunistic actions by agents and reduce agency costs arising from supervision. Although auditors are committed to performing their duties independently by following procedures and codes of ethics, proximity to clients can undermine objectivity and call into question the commitment to independence. This closeness, although it facilitates the audit process, has the potential to create pressure that jeopardizes auditor independence. This finding is not in line with Hidayat and Susiani's research (2023), which states that independence affects audit quality.

##### *Professionalism on audit quality moderated by competence*

The results showed that competence moderates the effect of professionalism on audit quality, supporting acceptance of Ha1 and rejection of Ho1. The theory of planned behavior by Ajzen (1991) states that behavioral control reflects individual beliefs about the ability to adopt behavior. High competence increases auditor confidence to perform quality audits. Professional but less competent auditors may have difficulty applying audit standards, while competent but less professional auditors may be less motivated. This finding is in line with Haryanto's research (2019) which shows that competence and professionalism have a positive effect on audit quality.

##### *Independence on audit quality moderated by competence*

The results showed that competence moderates the effect of professionalism on audit quality, supporting acceptance of Ha1 and rejection of Ho1. According to the theory of planned behavior by Ajzen (1991), behavioral control reflects individuals' perceptions of the ease of adopting a behavior and is related to their beliefs about their implementation capabilities. High



competence allows auditors to more effectively apply knowledge and skills in audits, increasing their positive attitude towards high-quality audits. A strong work ethic and commitment to service quality strengthen auditor independence, although proximity to clients may affect objectivity. Competent auditors have sufficient knowledge, skills and experience to maintain independence, despite facing pressure from clients. This finding is in line with research by Indah Azhari (2016) which shows that auditor competence and independence have a positive effect on audit quality.

## V. CONCLUSION

Based on the results of data processing and data analysis in chapter four, the following conclusions can be drawn. Auditor professionalism has a positive effect on audit quality. This can happen because auditors have good insight and understanding of the profession they adhere to. Auditor independence has no significant effect on audit quality. Without sufficient independence, auditors may be more easily influenced by interested parties to manipulate financial statements and this can increase the risk of fraud and fraud in the company. On the other hand, auditor competence can moderate auditor professionalism and independence. This indicates that high competence allows auditors to better apply professionalism and independence which ultimately results in high audit quality.

## ACKNOWLEDGEMENT

The author would like to express gratitude to all the people who have helped in the completion of this study.

## REFERENCES

- Agoes, Sukrisno, 2017. Auditing: Petunjuk Praktis Pemeriksaan Akuntan oleh Akuntan Publik , Buku 1, Edisi 5. Jakarta: Salemba Empat.
- Agusti, R., & Pertiwi, N. P. (2013). Pengaruh Kompetensi, Independensi Dan Profesionalisme Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik Se Sumatera). In JURNAL EKONOMI (Vol. 21, Issue 3).
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50-179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Alim, M.N., et.al. 2007. Pengaruh Kompetensi dan Independensi terhadap Kualitas Audit dengan Etika Auditor sebagai Variabel Moderasi. Simposium Nasional Akuntansi X. Makassar.
- Arens, A. A., Elder, R. J., & Beasley, M. S. (2013). *Auditing and Assurance Services*. Prentice Hall.
- Biri, S. F. L. (2019). Pengaruh Kompetensi, Independensi, Dan Fee Audit Terhadap Kualitas Audit (Studi Kasus Kantor Akuntan Publik Di Kota Yogyakarta). *Akuntansi Dewantara*, 3(2), 106–118. <https://doi.org/10.26460/ad.v3i2.3506>
- Citra, Ajeng Dewi. (2022). Pengaruh Pengalaman Kerja, Kompetensi, dan Independensi terhadap Kualitas Audit dengan Etika Auditor sebagai Variabel Moderasi. *Jurnal Profita*. Vol. 8 No. 14.
- DeAngelo, L. E. (1981). Auditor Size and Audit Quality. In *Journal of Accounting and Economics* (Vol. 3, pp. 183–199). North-Holland Publishing Company.

- Faris, M., Alim, M. N., & Auliyah, R. (2015). Pengaruh Audit Tenure, Independensi Dan Profesionalisme Terhadap Kualitas Opini Audit (Survey Pada Kantor Akuntan Publik Di Surabaya). In JAFFA (Vols. 50–68, pp. 50–68).
- Fietoria, & Manalu, E. S. (2016). Pengaruh Profesionalisme, Independensi, Kompetensi, Dan Pengalaman Kerja Terhadap Kualitas Audit Di Kantor Akuntan Publik Bandung. In Journal of Accounting and Business Studies (Vol. 1, Issue 1, pp. 20–21). <https://URL>
- Ghozali Imam, 2016, Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23 Up Date PLS Regresi, Edisi Tujuh, Cetakan Ke 7. Semarang: Badan Penerbit Universitas Diponegoro.
- Hendi, H., & Desiana, D. (2019). Pengaruh Biaya Audit, Audit Tenure Dan Rotasi Akuntan Publik Terhadap Pemilihan Auditor Eksternal: Studi Empiris Pada Perusahaan Bumh Yang Terdaftar Di Bursa Efek Indonesia. In Jurnal Benefita (Vol. 4, Issue 1, pp. 1–13).
- Hidayat, S. N., & Susiani, R. (2023). The Effect Of Independence And Competence On Audit Quality. In COSTING:Journal of Economic, Business and Accounting (Vol. 6, Issue 2).
- Ikatan Akuntan Indonesia, 2004, Standar Akuntansi Keuangan. Jakarta: Salemba Empat.
- Ikatan Akuntansi Indonesia, 2009, Standar Akuntansi Keuangan. Jakarta: Salemba Empat.
- Indah. 2010. Pengaruh Kompetensi dan Independensi Auditor Terhadap Kualitas Auditor Pada KAP di Semarang. Semarang: Undip.
- Jensen, M. C. M. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure.
- Laksita, A. D., & Sukirno. (2019). Pengaruh Independensi, Akuntabilitas, Dan Objektivitas Terhadap Kualitas Audit. In Jurnal Nominal: Vol. VOLUMEN VIII (Issue NOMOR 1).
- Nurbaiti, A., & Prakasa, E. (2022). Analisis Pengaruh Indepedensi, Task Complexity, dan Kompetensi Auditor Terhadap Kualitas Audit. Owner, 6(4), 3604–3615. <https://doi.org/10.33395/owner.v6i4.1041>
- Sangadah, L. (2022). Pengaruh Akuntabilitas Auditor, Independensi Auditor, Dan Profesionalisme Auditor Terhadap Kualitas Audit. Owner, 6(2), 1137–1143. <https://doi.org/10.33395/owner.v6i2.636>
- Sugiyono. (2018). Metode Penelitian Bisnis: Pendekatan Kuantitatif, Kualitatif, Kombinasi dan R&D. [http://books.google.ie/books?id=aFHZzwEACAAJ&dq=penelitian+kuantitatif+sugiyono&hl=&cd=2&source=gbs\\_api](http://books.google.ie/books?id=aFHZzwEACAAJ&dq=penelitian+kuantitatif+sugiyono&hl=&cd=2&source=gbs_api)
- Suryo, M. (2016). Pengaruh Kompetensi Dan Independensi Auditor Terhadap Kualitas Audit. In Sikap (Vol. 1, Issue 1, pp. 22–28). <http://jurnal.usbykp.ac.id/index.php/sikap>
- Susilawati dan Maya R Atmawinata. 2014. Pengaruh Profesionalisme dan Indpendensi Auditor Internal Terhadap Kausalitas Audit: Studi Pada Inspektorat Provinsi Jawa Barat. Jurnal Etikonomi, Volume 13 Nomor 2.
- Wijayanti, A., Ramlah, R., & Saputri, I. A. (2022). Pengaruh Indepedensi dan Profesionalisme Terhadap Kualitas Audit Yang Dimoderasi Oleh Etika Profesi. Jesya (Jurnal Ekonomi & Ekonomi Syariah), 5(2), 2354–2367. <https://doi.org/10.36778/jesya.v5i2.826>
- Yefni, & Sari, P. (2021). Apakah Fee Audit dan Karakteristik Auditor Menentukan Kualitas Audit? In Jurnal Akuntansi Multiparadigma (Vol. 12, Issue 1, pp. 173–185). <https://doi.org/10.21776/ub.jamal.2021.12.1.10>