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THE ANTECEDENTS OF INDEPENDENCE AND WORK EXPERIENCE ON AUDIT QUALITY

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ABSTRACT

The profession of an auditor has been in the spotlight since the emergence of many audit cases involving public accountants which raised public doubts about audit quality. High quality auditing has always been the goals of every Public Accounting Firm. Audit quality is an audit characteristic that fulfills the requirements of auditing standards and quality control standards that represents audit practices and become the measure of quality in duties implementation to fulfill professional responsibilities. This study intent to explain empirically the effect of independence and work experience on audit quality in Bali public accountant Firm. The sampling technique used in this study is a purposive sampling technique. The samples in this study are all auditors who work at Public Accounting Firms (KAP) in Bali who have at least 1 year of experience carrying out audits. The analysis technique used in this research is Moderated Regression Analysis. This research was conducted at a Public Accounting Firm in Bali registered with the Indonesian Institute of Public Accountants (IAPI). The results of hypothesis testing show that independence and work experience collectively have a positive impact on audit quality.

KEY WORDS

Independence, work experience, audit quality.

The only way that financial statements can be trusted by company stakeholders is to provide financial reports in accordance with applicable regulations, namely Financial Accounting Standards (SAK). In reality, management often manipulates financial statements so that their performance always looks good in the eyes of stakeholders. The public accounting profession is a profession of public trust, where the public expects a free and impartial assessment of the information presented by company management in financial statements (Mulyadi, 2017). Financial statements that have been audited by a public accountant are more reliable than financial statements that have not or have not been audited. A company really needs audit services, especially for companies that have gone public. In this case, of course, it is hoped that the audit results will be a high quality audit (Rosdiana, 2019).

Audit quality is an audit characteristic that conforms to audit standards, and it is also a quality control standard that describes audit practices, and becomes a standard for measuring the quality of performing tasks to fulfill their professional duties (Naomi & Clara, 2018). It is very important for an independent auditor to maintain audit quality in order to create public confidence in the accuracy and validity of the audited financial statements. However, the profession of an auditor has been in the spotlight recently since the emergence of many audit cases involving public accountants that raise public doubts about audit quality.

Auditors must have a neutral attitude and avoid conflicts of interest in planning, executing and reporting the work performed. If the independence of the auditor is impaired it can affect the quality of the audit results. In accordance with the general standards in the Professional Standards of Public Accountants 2011 that auditors are required to have sufficient work experience in the field of profession they are engaged in. The number of examination tasks that have been handled makes the auditor more thorough, so that he can learn from past mistakes and be faster in completing tasks (Antonius, 2015). This proves that the longer the auditor's tenure, the better the audit quality will be. Research related to the impact of independence on audit quality conducted by Antonius Marbun (2015), Imansari

(2017), Haryanto & Susilawati (2018) and Mardika & Suartana (2019) shows that independence has a positive and significant influence on audit quality, while research conducted by Fietoria & Manalu (2016) show that independence has no significant effect on audit quality.

Relevant research on the impact of work experience on audit quality conducted by Antonius Marbun (2015), Imansari (2017) and Mardika & Suartana (2019) showed that work experience had a positive and significant impact on audit quality, while research from Fietoria & Manalu (2016) shows that work experience has no significant impact on audit quality.

LITERATURE REVIEW

This study is based on Agency Theory. Jensen and Meckling and Konrath in Mathius Tandiontong, (2016), state that there is a separation between owners and managers/agents of the company. This raises the public's need for the auditor profession. Auditors are considered as independent parties between agents and providers of information (financial reports) and stakeholders as users of information, thereby reducing information asymmetry.

According to Watkins et al in Muchilisin Riadi, (2018), audit quality is the probability that the auditor will find and report material misstatements in the client's financial statements. Based on the Professional Standards of Public Accountants (SPAP), an audit carried out by an auditor can be said to be of quality if it fulfill the requirement of generally accepted auditing standards (GAAS) and quality control standards. Audit quality relates to how well a job is done compared to predetermined criteria.

The Indonesian Government Internal Auditor Association (AAIPI) (2013:10) states that independence is freedom from conditions that threaten the ability of internal audit activities to carry out internal audit responsibilities objectively.

Auditor work experience is the level of auditor knowledge obtained from a long period of time and adds and expands his knowledge in dealing with material matters. A person's experience is shown by having done various jobs or the length of time a person has worked to get real knowledge apart from formal education. The longer the work period and experience possessed by the auditor, the better and the quality of the resulting audit will be better. Experienced auditors have more thoroughness and good ability in completing their work (Fietoria, 2016).

METHODS OF RESEARCH

This research was conducted at the Public Accounting Firm in Bali in 2021. The population in this study was all Public Accounting Firms in the Bali Region with a total of 16 firms. The sampling technique used in this study is a purposive sampling technique. Sampling with respondents used in this study is based on the criteria that have been determined by the researcher. The purposive criteria in this study were all auditors working at a Public Accounting Firm (KAP) in Bali who have at least 1 year of audit experience.

Data was collected by distributing questionnaires to thirteen Public Accounting Firms registered by the Indonesian Association of Public Accountants in the Bali area in 2021. The number of questionnaires distributed in this study was 70 copies. Of all the questionnaires sent, 68 were returned and 2 were not returned. The data analysis technique used is Moderated Regression Analysis (MRA). Before performing analysis, the classical assumption test is performed, such as normality test, heteroscedasticity and multicollinearity. In addition, the validity and reliability were also tested. To test the hypothesis, in this study used Moderated Regression Analysis model with equation formula as follows:

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

Where: Y = Audit Quality; α = constant; β = the regression coefficient indicates the direction of the relationship between the independent variable and the dependent variable; X_1 = Independence; X_2 = Work Experience; ε = Error.

RESULTS AND DISCUSSION

Descriptive statistics in this study are presented to provide information about the characteristics of the research variables.

Table 1 – Descriptive Statistics Results

No.	Variable	N	Minimum	Maximum	Average	Standard Deviation
1	Independence	72	42,00	67,00	58,5168	9,26031
2	Work Experience	72	47,00	65,00	54,7258	9,30221
3	Audit Quality	72	51,00	66,00	56,1198	9,14526
4	Valid N (listwise)	72				

Source: Data Processed (2021).

The minimum value of the independence variable is 42.00 and the maximum value is 67.00. The average independence is 58,5168 which means that the average respondent's answer tends to lead to the highest value, which mean that the respondent tends to feel independence. The standard deviation is 9.26031, meaning that there is a deviation of independence from the average value of 9.26031.

The minimum score for work experience is 47.00 and a maximum value of 65.00. The average work experience is 54.7258 which mean that the average respondent's answers tend to lead to the highest value, which mean that respondents tend to feel work experience. The standard deviation is 9.30221, meaning that there is a deviation from work experience to the average value of 9.30221.

The minimum score for audit quality is 51.00 and the maximum value is 66.00. The average audit quality is 56.1198 which mean that the average respondent's answers tend to lead to the highest value, which mean that respondents tend to feel audit quality. The standard deviation is 9.14526, meaning that there is a deviation from the audit quality value to the average value of 9.14526.

A questionnaire is said to be valid if each question in the questionnaire is able to reveal something that will be measured by the questionnaire. A questionnaire is said to be valid if the correlation between the item scores and the total score is positive and more than 0.30.

Table 2 – Validity Test Results

No	Instrument	Question Items	Correlation coefficient	description
1	Audit Quality	Y.1	0,787	Valid
		Y.2	0,604	Valid
		Y.3	0,687	Valid
		Y.4	0,889	Valid
		Y.5	0,678	Valid
		Y.6	0,907	Valid
2	Independence	X1.1	0,743	Valid
		X1.2	0,889	Valid
		X1.3	0,678	Valid
		X1.4	0,889	Valid
		X1.5	0,678	Valid
		X1.6	0,907	Valid
3	Work Experience	X2.1	0,753	Valid
		X2.2	0,780	Valid
		X2.3	0,809	Valid
		X2.4	0,819	Valid
		X2.5	0,430	Valid
		X2.6	0,661	Valid

Source: Data Processed (2021).

Table 2 shows that the instruments on each variable in this study have fulfill the validity requirements, because the correlation coefficient value of each instrument is greater than 0.3.

Reliability test in this study was carried out using the Cronbach Alpha statistical test through the SPSS program, where a variable is said to be reliable if it gives a Cronbach alpha value greater than 0.6.

Table 3 – Reliability Test Results

Research Variables	Cronbach's Alpha	Description
Audit Quality	0,812	Reliable
Independence	0,778	Reliable
Work experience	0,695	Reliable

Source: Data Processed (2021).

Table 3 shows that all research instruments are declared reliable because each variable has a Cronbach's Alpha value above 0.60.

Table 4 – Reliability Test Results

Dependent Variable	Kolmogorov-Smirnov Z	Asymp. Sig
Audit Quality	1,608	0,123

Source: Data Processed (2021).

Based on Table 4, it can be seen that the Asymp value. Sig (2-tailed) of 0.123 is greater than the value of $\alpha = 0.05$, it can be concluded that the data is normally distributed.

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation.

Table 5 – Heteroscedasticity Test Results

Research variable	Performance	
	t stat	Sig.
Audit Quality	1,211	0,048
Independence	1,532	0,022
Work experience	1,583	0,071

Source: Data Processed (2021).

Table 5 shows that none of the independent variables has a significant effect on the dependent variable, therefore, it can be concluded that the regression model has no symptoms of heteroscedasticity.

Table 6 – Moderation Regression Analysis Results

Variable	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
X1	2,954	0,255	2,021	7,761	0,000
X2	2,018	0,729	1,226	8,231	0,000

Constant = 82,024
 R = 0,805
 R Square = 0,744
 Adjusted R² = 0,701
 F_{hitung} = 89,054
 Sig. = 0,000

Source: Data Processed (2021).

Hypothesis testing can be seen from the t-test results in Table 6 using the SPSS version 17.0 program. The steps used in this test are as follows:

1. The coefficient results show that the independence value is 2.021, the t-test value is 7.761 and the significance level is 0.000. The significance level is smaller than the specified alpha level ($\alpha = 0.05$), it means that independence has a positive impact on audit quality. So that the first hypothesis in this study can be accepted;

2. The coefficient results show that the value of obedience pressure is positive 1.226, the t-test value is 8.231 and the significance level is 0.000. The significance level is smaller than the specified alpha level ($\alpha = 0.05$), it means that work experience has a positive effect on audit quality. So that the second hypothesis in this study can be accepted.

CONCLUSION

Independence in the scope of the audit is an impartial perspective on anyone in carrying out tests, evaluating examination results and also preparing audit reports (Naomi Olivia et al, 2018). Independence is a CPA's attitude of maintaining fairness, no personal interest, and not easily influenced by interested parties when providing opinions or conclusions, so that these opinions or conclusions have a high degree of integrity and objectivity.

The independence of auditors is one of the important factors that produce high-quality audits. Therefore, if the auditors lose their independence, the audit reports produced do not match the existing reality and cannot be used as the basic of decision-making (Supriyono, 2013 in Wira Adi Putra, 2018).

Work experience is believed to affect the quality of auditors' results. The auditor must be able to develop a high level of work experience for his job. Because the higher the work experience to be able to work better at KAP, it will affect the quality of the audit that will be produced (Antoinus Marbun, 2015). In addition, high work experience will affect the toughness of an auditor in accepting audit assignments, foster tenacity to the details of audit assignments, and can foster consistency in maintaining audit results, even though the results are different from the results of audits conducted by other auditors. The conclusion in this study is that independence and work experience have a positive effect on audit quality. This study limits the variables that affect audit quality with the variables of independence and work experience. Other researchers can use other variables to examine the factors that affect audit quality.

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