



The Analysis of Audit Quality Affected by Auditor's Individual Factor and Moderated by Pressure of Audit Time Budget

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Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh faktor individu auditor yang terdiri dari kompetensi, independensi, etika dan pengalaman auditor terhadap kualitas audit serta menganalisis faktor moderasi dari tekanan anggaran waktu audit. Populasi dalam penelitian yang digunakan adalah seluruh akuntan publik yang ada di Kantor Akuntan Publik Kota Semarang yang terdaftar di direktori IAPI. Pemilihan sampel dalam penelitian ini menggunakan teknik purposive sampling. Hasil Penelitian menunjukkan bahwa ada pengaruh yang signifikan secara simultan antara kompetensi, independensi, etika dan pengalaman kerja auditor terhadap kualitas audit. Secara parsial kompetensi, independensi, etika auditor berpengaruh signifikan positif terhadap kualitas audit. Pengalaman auditor berpengaruh negatif signifikan terhadap kualitas audit. Secara parsial tidak terdapat pengaruh moderasi tekanan anggaran waktu pada pengaruh kompetensi, independensi, etika dan pengalaman auditor terhadap kualitas audit.

Abstract

The purpose of this study is to analyze the influence of individual factors auditors consist of competence, independence, ethics and experience of auditors on audit quality and to analyze moderation factors of time budget pressure. The population of the study is all certified public accountant in Public Accounting Firm in Semarang. Samples are taken by using purposive sampling technique. The result shows that there is significant influence simultaneously of competence, independence, ethics and auditor's experience on audit quality. Partially, competence, independence, auditor ethics have positive significant effect on audit quality. Auditor experience has significant negative effect on audit quality. Partially, there is no influence of time budget pressure moderation on the influence of competence, independence, ethics and auditor's experience toward audit quality.

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INTRODUCTION

Every year, the needs of service of professional audit increase as economy and bussiness develop. It makes people consider auditors who work at people's trust. They are expected to work professionally as a transparency medium of company's report to the people. Besides, they are expected to increase the reputation and credibility of the company. As there are demand to create well processed bussiness, now people put attention to the performance of public accountant. It happens because there are big scandals involving professional accountant. In 2007, for example, Drs. Oman Pieters Arifin Public Accounting Firm set Standard Auditing and Public Accountant Professional Standard at defiance and failed to uncover fraud in financial statement of PT Electronic Solution Indonesia.

First factor to be examined in order to know its influence on audit quality is auditor's competence. An auditor needs sufficient competence to work well. Competence is an important attribute for an auditor. If the auditor has good competence, audit quality can be reached (Kurnia et. al. 2014). Another factor to be examined in this study is auditor's independence. Independence means work honestly and objectively without involving personal interest or external interest so that the result will be real. Audit quality is supported by how much auditor is able to keep his independence (Alim, et. al. 2007). All of auditing activity should be done objectively to keep auditor's quality.

Auditor's ethics is a knowledge of which is good and bad, about moral right and obligation (Sari, 2011). An auditor should work with code of ethics. This code of ethics consists of ethical principle, ethical rule, and intwepretation of ethical rule. An auditor must behave ethically to improve the performance. Ethical behavior should be implemented by the auditor anywhere and anytime to keep auditor's quality and minimum standard. Auditor's work experience can influence auditor's accuracy in seeking, finding, and evaluating audit evidence. A person with more experiences can finish his work better rather than a person with less experience. Purnamasari (2005) concludes that an employee with many experiences has more added values, such as: 1) detecting mistake 2) understanding mistake and 3) searching the cause of mistake.

Audit quality is not only influenced by internal factors of auditor, but also the external factors. Time budget pressure is one of external factors which can influence audit quality. DeZoort and Lord (1997) in Fonda (2014) define time budget pressure as obstacle in audit engagement caused by lack of resources, that is time in which is allocated to do all audit tasks. It happens because time budget reducing audit staff's independence in doing audit procedures needed. This research is using attribution theory because the researcher will do empirical study to know factors influencing auditors on audit result quality, especially in characteristics influencing auditor in audit result quality. Attribution theory is developed by Fritz Heider (1958). The theory explains human's behavior, that is how a person interprets event, reason, and causes of his behavior (Lubis, 2011:90). Behavior is determined by combination of internal factors (characteristic, ability, effort) and external factors (environment, certain situation, luck). Basically, auditor's characteristic and work environment will be the determiner of his audit quality. Internal factors of the auditor (competence, independence, ethics and auditor's experience) and external factor (time budget pressure) are determiner factor of auditor in doing an activity.

H1: Competence, independence, ethics and auditor's work experience simultaneously has positive influence on audit quality.

Audit quality is obtained when auditor is able to find misstatement and report it DeAngelo, 1981). The ability of finding misstatement can be gained through competence and experience. Auditor with good competence will understand the right sudit procedure to get misstatement contained in financial statement. Experience will guide the auditor to work more efficiently, detect

better, evaluate misstatement and look for its cause. Misstatement reporting is determined in auditor's independence and ethical behavior. When an auditor has independence and good ethical behavior, then auditor will report all of the findings without exception.

H2: Auditor's competence partially has positive influence on audit quality.

Competence is an important attribute of auditor. It can be defined as an ability, insight, skill owned by auditor to do audit tasks. Public Accountant Professional Standard in 2011 in 13C section about competence and professional accuracy and carefulness explain that an auditor should maintain professional knowledge and skill needed to guarantee a competent professional service to the client or job giver.

H3: Auditor's independence partially has positive influence on audit quality.

Audit quality is supported by how much auditor is able to maintain his independence (Alim et. al., 2007). Independence is an attitude to work honestly and objectively without personal or interpersonal interest so that the result will be true. Profession based on trust like auditor should has independence.

H4: Auditor's ethics partially has positive influence on audit's quality.

Auditor's ethics is a knowledge of valuing good and bad things, of moral right and moral obligation (Sari, 2011). An auditor should work with code of ethic. Code of ethic is created based on the purpose of accountant profession, that is fulfilling responsibility with the highest professionalism, reaching the highest performance, with orientation on public's interest. Audit quality is supported by how far auditor is able to hold out of client's pressure with the code of ethics (Alim et. al., 2007). The definition explains that auditor is able to improve the audit quality if auditor is able to maintain his ethical attitude out of the pressure from the client.

H5: Auditor's experience partially has positive influence on audit quality.

Another factor to be examined in this research is auditor's experience. Experience is a very helpful thing to finish the work in a better way. Auditor's work experience can be defined as a learning process of something experienced by the auditor while working. Purnamasari (2005) concluding that an employee with high experience will have more value than the others, such as: detecting mistake, understanding mistake, and looking for the cause of mistake.

H6: Time pressure budget strengthen the influence of auditor's competence on audit quality.

This research is using moderation variable, that is time pressure budget. DeZoort and Lord (1997) in Fonda (2014) defined audit time pressure budget as obstacle hapen in audit engagement as the lack of resources which is allocated to do all of audit task. Halim, et.al (2014) explain that the smaller audit time budget, the greater effect of auditor's competence on audit quality. Grotberg (1995) in Halimdkk., (2014) states that resilience is ability to confront and overcome the pressures of work or the pressures of life, grouped into four levels, namely succumbing, survival, recovery and thriving. Thus, it can be concluded that time pressure budget strengthen competence's influence on audit quality.

H7: Time pressure budget strengthen auditor's independence on audit quality.

External factor like time pressure budget may change auditor's behavior. The change can be positive or negative. Auditor's independence can also bechange because auditor is faces dilemmatic situation between audit budget and the perfection of audit process. Auditor can decrease his own independence by only attending the presentation from the management to make the audit process quick, otherwise, another thing can happen as explained by Halim, et. al.,(2014)the smaller audit time budget, the greater effect of auditor independence on audit quality. Time budget arrangement actually can make auditor work on time and much communication with client which can decrease the independence is not needed.

H8: Time pressure budget weaken auditor's ethic influence on audit quaality.

Prasita and Adi (2007) give indocation of limited time allocation can emerge stress which will make auditor to set audit standard at defiance and behave disfunctionally. It will cause low quality of audit result. When auditor is facing time budget with pressure, auditor tends to act inconsistently against the behavior and belief (Gasperz, 2014). Auditor may left attitude and ethics because of time budget pressure and act out of standard and principe in auditing.

H9: Time budget pressure weakens auditor’s experience influence on audit quality.

Azad (1994) states that time budget inducting auditor to react negatively in auditing. Time budget audit arrangement which pressing auditor can cause auditor to loose their principle, ignore finding, act unindependently, and work only to make the auditing finish in time. Time budget pressure makes auditor unable to think clearly, ignore every possibility, unable to use their skill so that unable to find maximum evidence.

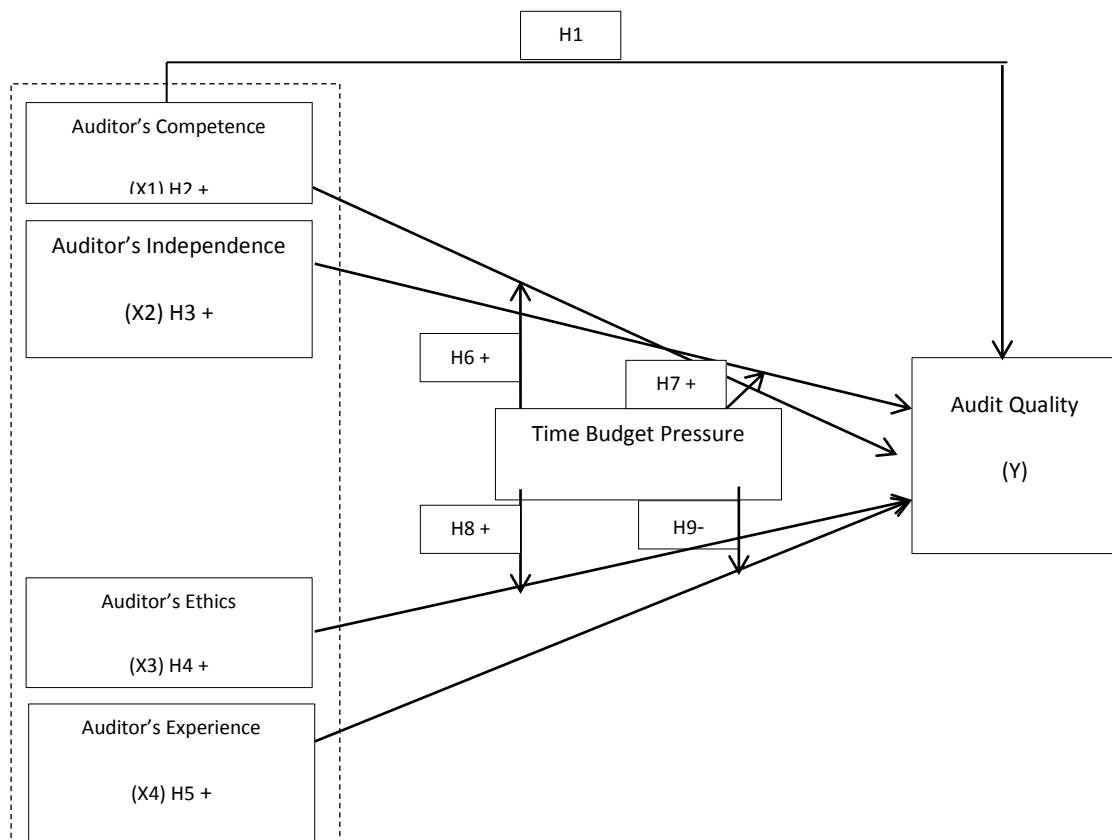


Figure 1. Conceptual Framework

METHODS

Population of this research is all of certified public accountant in Public Accounting Firm in Semarang. Samples are taken by using purposive sampling technique with criterion the auditor should have been working for at least a year. There are 45 auditors as samples. Audit quality is a situation in which an auditor is able to identify, find, and evaluate misstatement findings which is then reported in audit report. Audit quality is measured by inspection conformity indicator with audit standard and audit report quality. Auditor competence is ability, skill and knowledge owned by auditor used to do his work properly. Auditor competence is measured with personal quality indicator, general knowledge and specialties.

Auditor independence means auditor must work objectively out of personal, interpersonal, or group interest. It is measured with relation period with the client, pressure from the client, research from another auditor and non audit service. Auditor ethics is defined as rule, norm, and guide to maintain the behavior, attitude, right and obligation of the auditor so that the auditor is able to reach minimum standard of auditor ethical behavior. It is measured by profession responsibility, integrity, and objectivity. Auditor's experience is a learning process of everthing experienced by auditor which can be skill or specialties. It is measured by working period indicator and the amount of inspection tasks.. Time budget pressure is a pressure emerges as a cause of audit time budget arrangement which is experienced by auditor during auditing. It is measured by auditor attitude indicator in spending audit time and auditor attitude in audit quality decrease.

RESULTS AND DISCUSSIONS

Questionnaire is valid if it is under 0.05 significance. Validity test result in this research is valid with under 0.05 significance. Reliability test is using cronbach's alphacoefficient, coefficient more than 0.7 is not reliable (Nunnally, 1994 in Ghozali, 2013). The result of the test stated that all variable is reliable with cronbach's alphavalue more than 0.7. According to output of SPSS Summary Model, the value of adjusted R², that is 0.478 means that 47. 8% of audit quality variation can be explained by variation of forth independent variable, that is competence, independence, ethics, and auditor's experience. Then, the rest (100%-47,8% = 52,2%) is explained by another variable outside of model. ANOVA or F-test gained 11.067 value with probability value 0.000. With probability value under 0.05, it can be concluded that all independent variable in regression has simultaneous influence on dependent variable.

Tabel 1.Partial test (Statistic test t)

Model	B	t	Sig.
Competence	.190	2.094	.043
Independence	.203	2.528	.016
Ethics	.511	4.537	.000
Experience	-.349	-3.000	.005

Statistic test result for competence variable (k) gained t test value 1.352 with under 0.05 significance that is 0.043 and it means significant competence variable influences audit quality variable. Besides, competence regression coefficient value is 0.190 which means competence is positively influential on audit quality. This result proves that H₀is rejected and second hypothesis is accepted. Statistic test result of independent variable gained t test value 2.528 with significance under 0.05 that is 0.016. It means that independence variable influences audit quality variable significantly. Regression coefficient value of independence is 0.203 which means that independence influences audit quality positively. This result means H₀is rejected and third hypothesis is accepted.

Statistic test result for ethics variable gained t test 4.357 with significance 0.000 under 0.05 which means ethics variable influencing audit quality variable significantly. Besides, regression coefficient value of ethics is 0.511 which means ethics has positive influence on audit quality. Based on the result, H₀is rejected and forth hypothesis is accepted. Statistic test result for experience variable gained t test-3.000 with 0,005 significance which is under 0,05. It means experience variable influence audit quality variable significantly. Regression coefficient value of experience is -0.349 which means experience has negative influence on audit quality. According to the result, thus fifth hypothesis is rejected. Regression test to examine moderator variable in this research is using

residual test. The indicator of moderator variable acceptance is is the parameter is negative and significant (Ghozali, 2013).

Table 2. Moderation Regression Test (Residual test)

Variable	Parameter	Significance
Auditor competence	2.636	0.012
Auditor Independence	-0.331	0.742
Auditor ethics	1.489	0.144
Auditor experience	1.939	0.059

Moderator variable test by using residual test in competence and time budget pressure on audit quality shows significant result but the parameter is positive. The result means that time budget pressure variable is not moderating variable of competence influence on audit quality, so that sixth hypotheses is rejected. Moderator variable test with residual test on independence and time budget pressure variable on audit quality shows negative parameter. There is lack of fit, but not significant. The result meand that time budget pressure variable is not variable which moderate independence influence on audit quality. Thus, seventh hypothesis is rejected.

Moderator variable test by using residual test in ethics and time budget variable on audit quality shows insignificant result and positive parameter. Those result means that time budget pressure is not variable which moderate ethics influence on audit quality, thus eighth hypotheses is rejected. Moderator variable test by using residual test on experience and time budget pressure variable on audit quality shows insignificant result $0.059 > 0.05$ and the parameter is positive. The result shows that time budget pressure is not variable which moderate exerieence influence on audit quality. So that ninth hypotheses is rejected.

CONCLUSIONS

According to the result, it can be concluded that the first hypotheses is accepted. It states that competence, independence, ethics, and esperience of auditor have positive influence on audit quality simultaneously. This is in line with DeAngelo's study in 1981. Second, third, and fourth hypotheses which show that competemce, independence, and ethics partially have positive influence on audit quality are accepted. Besides, fifth hypotheses is rejected, that is auditor experience is unproved to be partially has positive influence on audit quality. This result is supported by purpose determiningtheory. A person's behavior will be able to change only with what have been targeted by the person itself. Based on the theory, external influence that is time budget pressure is unable to influence auditor's behavior in auditing.

Insignificant influence of moderate time budget pressure on ethics influence toward audit quality means high low pressure change of time budget audit. Auditor is believed to not experiencing it so that it does not influence the auditor's ethics in auditing. According to purpose determining theory, performance of a person is influenced by the purpose in working. It informs that when the auditor understand the purpose of his work, the performance will be based on the willing to achieve the purpose, not the condition of environment as if audit time budget pressure. This research concludes that the pressure emerges from audit time budget arrangement has no significant influence of experience influence on audit quality. The result shows that purpose determining theory can explain that. The theory states that performance of a person is influenced by his purpose. The higher their purpose, the harder they work. The base of high low performance is not influenced by external factors but individual or organizational purpose, so that audit time budget pressure is unable to influence auditor's experience on audit quality.

Further research is suggested to use time budget pressure moderation variable with different indicator, such as budget rigidity and budget achievement because variable indicator of time budget pressure used in this research is unable to be moderator variable.

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