

THE INFLUENCE OF PROFESSIONAL ETHICS AND AUDITOR COMPETENCE ON AUDIT QUALITY

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ABSTRACT

This study aims to examine whether there is an influence between professional ethics and auditor competence on the quality of audit results (an empirical study at the Public Accounting Firm Luthfi Muhammad and Rekan Sidoarjo). This research uses descriptive quantitative approach as measured using multiple linear regression-based methods with SPSS tools.

The results of this study indicate that professional ethics and auditor competence jointly have a simultaneous effect on the quality of audit results, while separately the professional ethics variable has a partial positive and significant effect on audit quality, and the auditor competency variable also has a positive and significant effect on the quality of results audits.

Keywords: *professional ethics, competence, auditors, audit quality*

INTRODUCTION

Today the level of globalization has become increasingly transparent in all sectors, including the industrial sector, which forces every company to be more competent in presenting financial reports. The reports presented must be in accordance with applicable accounting principles so that they can be well received by interested parties in making decisions. The annual financial report is the end product of bookkeeping that is routinely carried out by the company, which in a certain period can determine the company's position, and is used as a basis for making business decisions in the future. The manager must make and report the financial situation according to the actual situation and then distribute it to those who need it. This is where the important role and function of the auditor is to add to the integrity of financial statements so that they can be trusted for the benefit of external parties, which consist of shareholders, the government, creditors, and others. Carrying out routine audits can also prevent fraud or fraud that can be carried out by company management.

Mulyadi (2014: 9) states that an audit is a structured process to objectively obtain and evaluate evidence about statements related to economic activities and events, with the aim of determining the degree of conformity between these statements and predetermined criteria, as well as conveying the results to those who need them. The auditor's ability to produce high audit quality will enhance his reputation so that the auditor is expected to be able to produce reliable financial reports that are used as a basis for decision making. The public accounting profession is a profession that depends on public trust. However, it is currently happening that there are many practices carried out by management and even auditors not to comply with their professional code of ethics with the aim that what they report is only to please a number of parties, not to report the condition of the company as it should.

Based on the description above, it is considered important to conduct research with the title "The Influence of Professional Ethics and Auditor Competence on Audit Quality".

THEORETICAL BASIS

Professional ethics

According to Arens, et al in Suwandhi (2021) Morals can be broadly characterized as a group of moral standards or values, whereas from a limited perspective, morals imply a virtue or rule that acts as a guide to act, act, or behave. Similar opinion from Sukanto, (2005: 118) Competent morals are social qualities or behavioral decisions that are recognized and used by competent associations that combine character, proficient abilities, obligations, implementation of a set of governing rules, and the translation and refinement of a set of principles that thorough.

Rahmawati (2020) says that professional ethics are professional skills that have high

responsibility and are unique principles, whereas according to Sukrisno, (2018) the professional ethics of auditors is morality is limiting individuals from compartments and is the result of collecting individuals from compartments in carrying out their obligations as public accountants.

Competence

Mulyadi (2014: 25) states that the formal education of a public accountant and work experience in the profession are two complementary things. Then according to the Big Indonesian Dictionary that competence is the authority (power) to determine or decide something, the competence of the auditor is the qualification required by the auditor to carry out the audit properly. Competence is the expertise possessed by the auditor in carrying out his duties. Auditor competence can be measured through the knowledge and experience possessed. Knowledge can be obtained from formal education and special training. Meanwhile, experience will provide convenience during the audit process in finding unusual findings.

Audit Quality

Providing high-quality services is important for an auditor in carrying out his public interest responsibilities, and is the main key to the success of a Public Accounting Firm (KAP). Audit quality according to Tandiontong (2016: 80) is all the probability of an auditor in determining and reporting fraud that occurs in the client's or company's accounting system. Based on the above understanding, audit quality is the result of quality work that comes from the quality of the auditor itself. A qualified auditor is able to provide assurance that there are no material misstatements or fraud in the company's financial statements so as to produce reliable information that describes the real situation.

HYPOTHESES

Based on the explanation above, in this study the following hypotheses were arranged:

H1: It is suspected that there is an influence of professional ethics on audit quality planning

H2: It is suspected that there is an effect of competence on audit quality

H3: It is suspected that there is an influence of professional ethics and competence on audit quality

METHOD

In this study, the authors used a quantitative research approach. Quantitative research techniques are a kind of careful, orderly and organized examination. According to Sugiyono (2017: 8), quantitative testing procedures are defined as testing steps that are bound to certain hypotheses, needed to monitor certain populations or tests.

The samples used in this study were all auditors at the Luthfi Muhammad and Partners Public Accounting Firm, totaling 9 auditors. In this study researchers used submerged examination. According to Sugiyono (2015: 124) submerged examination is a testing method when all individuals from the population are used as a test. As for the sample itself, there were 9 auditors. According to Wainer et al, (1993: 12) in (Alwi, 2012) Very different from the results using samples from a small population, with the assumption that in the range of 8 and 10 samples is considered sufficient to get the right results, although measured tests generally show importance assuming a sufficiently large sample size.

In this study the analysis used multiple linear regression using the SPSS version 25 tool. Before the results of the regression analysis were used to test the hypothesis, the results of the regression analysis were subjected to the classical assumption test first.

RESULTS AND DISCUSSION

Data Validity Testing

Testing the validity of the data was carried out with the help of the SPSS 25 program. The research instrument test was carried out by testing the validity and reliability tests. The following is an explanation of each test instrument in this study:

Validity Test

Validity test which aims to determine whether or not a questionnaire or questionnaire is valid. The validity test in this study uses a test of something that has a positive relationship with size and interest that is too high, indicating that it has high legitimacy, usually the basis for the need to be considered eligible is if $r = 0.3$. In the relationship between items with a complete score below 0.3, the items in the instrument should be invalid. Next is the result of the test

Table 1
Variable Validity Test Results

Professional Ethics Variable (X1)	r value	Information
X1.1	0.973	Valid
X1.2	0.773	Valid
X1.3	0.973	Valid
X1.4	0.973	Valid
X1.5	0.973	Valid
X1.6	0.973	Valid
X1.7	0.973	Valid
X1.8	0.930	Valid
X1.9	0.973	Valid
Competency Variable (X2)		
X2.1	0.793	Valid
X2.2	0.938	Valid
X2.3	0.669	Valid

X2.4	0.612	Valid
X2.5	0.919	Valid
X2.6	0.919	Valid
X2.7	0.919	Valid
X2.8	0.919	Valid
X2.9	0.850	Valid
<hr/>		
Audit Quality Variable (Y)	-0.309	
<hr/>		
Y.1	0.628	Valid
Y.2	0.628	Valid
Y.3	0.628	Valid
Y.4	0.881	Valid
Y.5	0.881	Valid
Y.6	0.831	Valid
Y.7	0.881	Valid
Y.8	0.881	Valid
Y.9	0.881	Valid

Source: Data processed by SPSS

In the table above it can be explained that all items in each variable have high validity if the value $r = > 0.3$, meaning that all variable statement items are declared valid and can be carried out for further tests.

Reliability Test

The unshakable quality test is intended to measure whether the respondent's response is steady. It can be stated as strong or stable if the value is $r = > 0.3$. The following are the results of the reliability test of this study

Table 2
Reliability Test Results

Variable Professional	r value	Information
Ethics (X1) Competency	0,966	Reliabel
(X2)	0,965	Reliabel
Audit Quality (Y)	0,887	Reliabel

Source: Data processed by SPSS

The independent variable, namely professional ethics and competence, and the dependent variable, namely audit quality, has a value of $r > 0.3$. This means that all variables are declared reliable and can be used in further analysis.

Multiple Linear Regression Analysis

Multiple linear analysis techniques are used to determine the degree of correlation between the independent factor and the dependent variable, and whether each autonomous variable corresponds exactly or oppositely and predicts whether the independent variable increases or decreases with the dependent variable. Below are the results of multiple linear regression analysis in

this study, namely as follows:

Based on the table above, the regression equation can be made as follows: $Y = 19,593 + (-0,011) X1 + (0,992) X2 + e$

Table 3
Multiple Linear Regression Analysis Test Results

	Score
(Constant)	19,593
Professional Ethics (X1)	-0,011
Competency (X2)	0,992

Source: Data processed by SPSS

Based on the table above, the regression equation can be made as follows: $Y = 19.593 + (- 0.011) X1 + (0.992) X2 + e$. From the equation above, the following information can be obtained:
a. A constant or fixed value of 19.593 with a positive value. This means that without the influence of the competence and professional ethics variables, the value of the audit quality variable is 19.593 units.

The Professional Ethics variable (X1) has a coefficient value of -0.011 with a negative value. This implies that each expansion in one unit of the Competency variable (X2) will affect an increase in the audit quality variable (Y) of -0.011 units receiving different factors on a fixed basis.

Competency variable (X2) gets a coefficient value of 0.992 with a positive value. This implies that each addition of one unit of the Professional Ethics variable (X1) will affect an increase in the audit quality variable (Y) of 0.992 units with the expectation of a constant variable.

Hypothesis testing

1. Partial Test (t test)

The partial test basically shows the effect of a single explanatory variable on the dependent variable, or in the sense that this test is used to determine the effect of the part that each independent variable has on the dependent variable.

Table 4
Partial Test (t test) Results X1

Coefficients^a			
Model		t	Sig.
1	(Constant)	6,442	0.000
	Professional ethics	15,401	0.000

Dependent Variable: Audit Quality

Source: Data processed by SPSS

Based on Table 4 the probability value of the significance of the Professional Ethics Variable (X1) is $0.000 < 0.05$, it is recognized, and describes the independent factors that fundamentally affect the dependent variable.

Table 5
Partial Test (t test) Results X2

Coefficients ^a			
	Model	t	Sig.
1	(Constant)	1,035	0.310
	Competence	9,791	0.000

Dependent Variable: Audit Quality

Source: Data processed by SPSS

Based on Table 5, the significance probability value of the Competency Variable (X2) is $0.000 < 0.05$, it is recognized, and describes the independent factors that fundamentally affect the dependent variable.

2. Simultaneous Test (f test)

The F test is a test used to determine whether there is a similar effect between the independent variable and the dependent variable.

Table 6
Simultaneous Test (f test) Results

	Mode	Sum of Squares	df	Mean Square	F	Sig.
1						
1	Regression	932,070	2	466,035	113,868	,000 ^b
	Residual	98,227	24	4,093		
	Total	1030,296	26			

a. Dependent Variable: Audit Quality

b. Predictors: (Constant), Professional Ethics, Competence

2. Source: Data processed by SPSS

Based on Table 6 the probability value of the significance of the professional ethics variable (X1) and the auditor competence variable (X2) is $0.000 < 0.05$ so that it can be said to be recognized, and this right implies that all independent variables equally affect the dependent variable.

DISCUSSION

This research is intended to determine the effect of Competency and Professional Ethics on Audit Quality at the Public Accounting Firm Luthfi Muhammad and Partners in Sidoarjo. The results of the data analysis are as follows:

The Effect of Professional Ethics on Audit Quality

The results of hypothesis testing, obtaining the results of statistical testing The results of the t (fractional) test show that the effect of professional ethics (X1) on Audit Quality (Y) is $0.000 < 0.05$ and the tcount value is $15.401 >$ the ttable value is 2.052, so H_0 is rejected and H_1 is accepted. This is meant to mean that professional ethics (X1) influences audit quality (Y).

The Effect of Competence on Audit Quality

The results of testing the hypothesis, obtaining the results of statistical testing of the t test (partial) show that the significance value of the influence of competence (X2) on audit quality (Y) is $0.000 < 0.05$ and the tcount value is $9.791 >$ the ttable value is 2.052 then H_0 is rejected and H_1 is accepted. it means that there is a significant effect of Competence (X2) on Audit Quality (Y).

The Effect of Professional Ethics and Competence on Audit Quality

These results support Hypothesis 2, specifically that there is a positive and significant impact of professional ethics and auditor competence at the same time. The direction of the model is both positive. It can be seen from the R coefficient which has a negative or positive value between competence and professional ethics on auditor quality. Given the consequences of the R Square test obtained at 0.905, it shows that 90.5% of audit quality at KAP Lutfhi Muhammad and Rekan Sidoarjo is influenced by professional ethics and auditor competence, while the remaining 9.5% is influenced by other variables. Thus it can be stated that professional ethics and auditor competence influence simultaneously. The higher the professional ethics, the more reliable the audit results will be so that the quality obtained can increase the company's trust regarding the opinion of the audit results.

RESULTS AND DISCUSSION

Based on the results of data analysis, the conclusions obtained in the study are as follows:

1. There is a significant positive effect of Professional Ethics (X1) on Audit Quality (Y) at the Public Accounting Firm of Luthfi Muhammad and Partners is proven by a t count value of $15.401 >$ a ttable value of 2.052 with a significant value of $0.000 < 0.05$.
2. There is a significant positive effect of Competence (X2) on Audit Quality (Y) at the Luthfi Muhammad and Partners Public Accounting Firm is proven by a tcount value of $9.791 >$ ttable value of 2.052 with a significant value of $0.000 < 0.05$.
3. Based on the results of the R Square test, it was obtained at 0.905, this shows that 90.5% of

audit quality at KAP Luthfi Muhammad and Partners Sidoarjo is influenced by professional ethics and auditor competence, while the remaining 9.5% is influenced by other variables. Thus it can be stated that professional ethics and auditor competence have a positive effect simultaneously on audit quality.

CONCLUSION

Based on the results of the research analysis, data and conclusions above, the researcher provides the following suggestions:

1. For KAP Luthfi Muhammad and Partners

Impressive expertise is a quality that must be maintained by the auditor taking into account professional skills. To maintain proficiency in improving the quality of audit services, auditors must conduct training and develop skills and intellectual potential.

2. For Other Researchers

For future researchers, it is hoped that they can increase the number of variables and expand the geographical sample, especially the KAP (Public Accountant Office) sector that will be studied. Because the problems will be more complex when compared to one KAP so that the research results have stronger results.

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