

THE IMPACT OF PROFESSIONAL SKEPTICISM, COMPETENCE, AND INDEPENDENCE ON AUDIT QUALITY DURING THE COVID-19 PANDEMIC

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ABSTRACT

This research is empirical research that aims to analyze the influence of professional skepticism, competence, and independence on audit quality during the COVID-19 pandemic. The population studied was 81 staff at the Leonard, Mulia, and Richard Semarang Public Accounting Firm. The sampling technique used is saturated. The data used is primary data obtained by distributing questionnaires to audit staff and 77 questionnaires could be processed. The data technique used in this research is multiple linear regression. The results show that professional skepticism, competence, and independence have a positive effect on audit quality during the COVID-19 pandemic. The implication are auditors should not delay decisions, should stick to the applicable Financial Accounting Standards regulations, and maintain an independent attitude in carrying out the audit process.

Keywords: professional skepticism; competence; independence; audit quality

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INTRODUCTION

The phenomenon of the emergence of the COVID-19 virus at the end of 2019 in the city of Wuhan, China harmed the international world, including Indonesia. Indonesia first confirmed the Covid-19 problem on Monday 2 March 2020 (detikcom, 2020). The Covid-19 pandemic has had far-reaching consequences in various fields including public accounting practice. Fatmasari (2020) discusses how auditors should respond to the impact of the Covid-19 pandemic on financial reports. The COVID-19 pandemic has changed their work patterns, including making the practice of the public accounting profession not run smoothly. The COVID-19 pandemic has affected some of the business processes that are part of the Public Accounting Firm, which include internal management, and the Public Accounting Firm network, so there is a need to re-evaluate audit engagements and alternative audit approaches that must be taken during this pandemic. Covid-19 also affects the audit evidence obtained, for example, the implementation of large-scale social restrictions, which has an impact on access and travel restrictions, as well as the availability of auditor personnel. Auditors need to make relevant changes in this regard, exploring alternative audit mechanisms (Fatmasari, 2020).

Public accountants have the task of examining, and improving the quality and credibility of an entity's financial reports. An important audit is carried out by a company to evaluate or investigate the truth of all transactions that have been designed by the company. This is done so that the company's financial reports that are being examined can be relied upon and receive trust from interested parties, that the audit has carried out its responsibilities well (Charendra, 2017). Arens and Loebbecke (2003) explains that an audit is the collection

and assessment of evidence in determining and reporting the conformity between information and established guidelines. By carrying out the audit process according to the guidelines, it will result in good audit quality.

Fatmasari (2020) explained that COVID-19 has changed auditors' work patterns, including making the practice of the public accounting profession not run smoothly. This makes audit findings less influential on audit quality. Savira et al. (2021) in his research said that audit quality means that the audit can find and report violations or misstatements in financial reports using an audit process carried out by the guidelines set by the Public Accountant Professional Standards. Audit quality is claimed to be important if the auditor can present a report on the results of the audit. DeAngelo (1981) to present a quality report requires an auditor who can present findings and report fraud in his client's accounting system. Good audit quality has several supporting factors that can influence audit quality, including professional skepticism, competence, and independence. These three factors can be used as keys to carrying out the inspection process. Widhiyani (2019) said that professional skepticism, competence, and independence have a positive impact on audit quality. The high level of professional skepticism, competence, and independence that auditors have will have an impact on good audit quality (Widhiyani, 2019).

Professional skepticism is an auditor's critical behavior towards the evidence provided by the client. This is good if the auditor always questions and evaluates every piece of evidence provided. According to Arens and Loebbecke (2003), professional skepticism is an attitude that includes a questioning mind, being alert to conditions that could indicate the possibility of misstatement due to fraud or error, and critical assessment of audit evidence. With the character of professional skepticism, an auditor when carrying out audit examinations produces high audit quality. Rahayu (2020) stated that the behavior of frequently asking questions, being alert, and being critical in carrying out audit checks has a good impact and forms good audit quality. Widhiyani (2019) explained that the increasing professional skepticism that auditors have makes the way auditors work higher and vice versa, if the professional skepticism that auditors have is still low, then the auditor's performance will not be optimal. However, this is in contrast to research conducted by Tawakkal (2019) which showed that the professional skepticism behavior of auditors is not too affected by the quality of the audit results produced, because professional skepticism in conducting audits has been said to be normal and must be ready to be resolved using good methods.

Experience and knowledge in the audit field are also needed in the audit process. Experience and knowledge can also be said to be competence, which can be an option to improve audit quality during the Covid-19 pandemic. Sutrisno (2015) said that competency means an ability that is based on skills and knowledge which is supported by work attitudes, its application in carrying out obligations in the office refers to established work rules. Research conducted by Dwimilten and Riduwan (2015) proves that competency has a positive impact on audit quality. This shows that the increasing competence of an auditor can increase the quality of the audit obtained. In contrast, research conducted by Mutmainah (2020) states that competence has a negative and insignificant effect on audit quality because auditors are required to provide quality audit services according to actual conditions.

Auditors who are paid and act as third parties in carrying out the audit process, must not take sides with anyone during the audit process. An independent attitude is a factor that an auditor can rely on to produce good audit quality. Independent behavior means not taking sides with anyone and being free to choose something without the hegemony of other people. Nugrahaeni (2019) stated that independence is an auditor's attitude that does not take sides with anyone when carrying out investigations, evaluating audits, and preparing audit reports. Mautz and Sharaf (1961) emphasized that independence is an essential auditing standard to

demonstrate trustworthy financial reports, which is the responsibility of management. This research emphasizes that if the auditor does not act independently, then the opinion he provides does not convey additional value. Budiarta (2015) explains that the correlation between independence is in the same direction as the implementation of audit quality, which means that the better the auditor's independence, the better the audit quality. However, Tawakkal (2019) based on research results concluded that independence is not significant to the quality of audit results. This shows that there is still management interference and hegemony. The results of this research are supported by research by Sukriah, et al (2009) which explains leadership intervention to determine, eliminate, or modify certain parts to be examined as well as hegemony over the guidelines chosen by the auditor and when the audit is not free to choose the activities to be examined. This results in independence not having a significant effect on audit quality. From the differences in this research, it can be concluded that there is still leadership interference in carrying out audit checks. Therefore, independence is a character that must always be applied in carrying out the audit process to carry out the audit objectively based on audit standards and have a positive impact on audit quality results.

Based on this background, the author tries to examine the impact of factors that influence audit quality. This research aims to analyze the influence of professional skepticism, competence, and independence on audit quality during the Covid-19 pandemic at Leonard, Mulia, & Richard Semarang Public Accounting.

LITERATURE REVIEW

The Influence of Professional Skepticism on Audit Quality

Arens and Loebbecke (2012) Professional skepticism is a behavior of critical thinking and critical assessment of audit evidence. This research shows that professional skepticism has a positive effect on audit quality. Professional skepticism is very important for auditors to obtain strong information, which will be used as the basis for relevant audit evidence to support providing an opinion on the fairness of financial statements (Renaldi & Mawardi, 2021).

The professional skepticism variable is an internal factor that can influence audit quality, where a skeptical auditor has an attitude that always questions every incident they encounter so that they feel doubtful and want to find out more about something they are doing. Previous research explaining professional skepticism and audit quality shows that professional skepticism and the quality of audit results have a positive and significant influence (Savira et al., 2021). Research conducted by Tawakkal (2019) shows that professional skepticism does not affect the quality of audit results, this is because the problem of skepticism in conducting audits is considered normal and must be prepared to be resolved properly. Research by Renaldi and Mawardi (2021) states that professional skepticism has a positive effect on audit quality. From the description, the hypothesis proposed is as follows:
H1: Professional skepticism has a positive influence on audit quality.

The Influence of Competency on Audit Quality

According to Arens and Loebbecke (2012), competency is a personal quality that an auditor must have which is obtained through a formal educational background in auditing and accounting, sufficient work training in the profession, and will be diligent and always following continuous professional education. Research conducted by Dwimilten and Riduwan (2015) stated that knowledge, both basic education obtained through previous education and training attended, is what is needed in the task. The experience of auditors working in Public Accounting Firms and conducting audits on various or similar clients helps auditors in

improving their existing competencies so that the knowledge and experience used in carrying out the audit process can produce good audit quality.

Research conducted by Savira et al. (2021) illustrates that the stronger and higher the auditor's competence, the more audit quality will be improved this will have a good effect on the results of the auditor's examination. In this research, the competency variable is an internal factor that influences audit quality, where an auditor must have sufficient competence to help in dealing with audit activities on financial reports. This is different from the results of research conducted by Mutmainah (2020), where competence has a negative and insignificant effect on audit quality, this is because auditors are required to provide quality audit services that are by actual conditions. Research conducted by Savira et al. (2021), and Dwimilten and Riduwan (2015) states that competency has a positive influence on audit quality. From the description, the hypothesis proposed is as follows:

H2: Competence has a positive influence on audit quality.

The Effect of Independence on Audit Quality

Wilcox (1952) emphasized that independence is an essential auditing standard to demonstrate the credibility of financial reports which are management's responsibility (Tandiontong, 2015). Arens et al. (2008) state that independence is an impartial perspective in carrying out audit tests, evaluating audit results, and preparing audit reports (Wiguna & Hapsari, 2015). Wiguna & Hapsari (2015) in their research found that independence had a significant and positive effect on fraud detection. This proves that independence is a factor that influences fraud detection and proves that the higher the level of independence, the higher the level of fraud detection. Apart from that, research conducted by Dwimilten & Riduwan (2015) showed that independence has a positive influence on audit quality. This can prove that the higher the independent attitude of an auditor, the greater the impact on audit quality. Research with different results was conducted by Tawakkal (2019), the research results showed that independence had a positive but not significant effect on the quality of audit results. These results indicate that there is still interference and intervention. Independence has a positive influence on audit quality. Research conducted by Wiguna & Hapsari (2015), and Dwimilten and Riduwan (2015) states that independence has a positive effect on audit quality. From the description, the hypothesis proposed is as follows:

H3: Independence has a positive influence on audit quality.

Based on hypothesis development, the research framework can be seen in Figure 1.

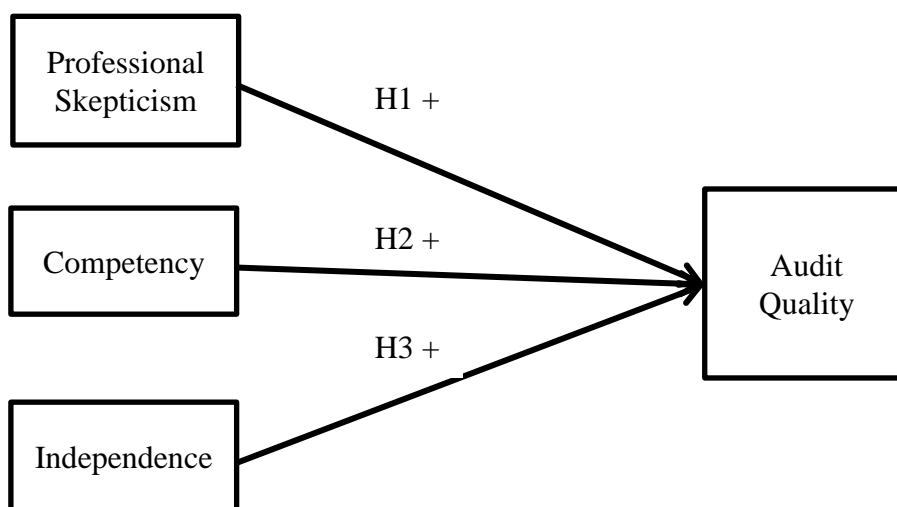


Figure 1. Research Framework

RESEARCH METHODS

Population and Sample

The population in this study was all 81 audit staff of KAP Leonard, Mulia, & Richard Semarang. The sample in this study was all audit staff with the technique used is saturated sampling..

Measure

This research consists of the dependent variable is audit quality, while the independent variables are professional skepticism, competence, and independence. Audit quality is measured by adopting the study of Junaidi and Nurdiono (2016), with indicators of finding violations, carrying out tasks professionally, and by applicable financial standards. The measurement of professional skepticism was compiled from previous studies by Arens and Loebbecke (2012) namely self-confidence, questioning mindset, search for knowledge, interpersonal understanding, suspension of judgment, and self-determination. Competency is measured using indicators based on Wibowo (2016) with indicators of motive, skill, knowledge, self-concept, and trait. Finally, independence is operationalized with objectivity, integrity, financial ties and business relationships with clients, provision of services other than audit services to clients, and the length of the relationship between the public accountant and the client (Elfarini, 2007).

Data Analysis

Data analysis in this research is quantitative analysis namely linier multiple regression. The data required in this research is primary data obtained directly from respondents, using questionnaires from respondents. This technique is carried out using a list of statements to make it easier for researchers to analyze data. Data processing in this research uses Likert scale measurements, intended to measure the attitudes held by respondents. The scoring scale uses a value range of 1 to 5, ranging from strongly disagree to agree strongly. From the results of the validity test calculations, the r value for each indicator is between 0.528–0.839 greater than the r table 0.224, so it can be said valid. The reliability results show that Cronbach's alpha value is more than 0.7, so it can declare that the professional skepticism, competence, independence and audit quality are reliable.

RESULT AND DISCUSSION

Result

Profile of responden can be summaries in Table 1. Based on this, the largest number of auditors is auditors aged 36-45 years with 32 people or 41.6%. Then followed by auditors aged 25-35 years, 25 people or 32.5%, and those with the lowest number were auditors aged 46-56 years, 20 people or 26.0%. Furthermore, the largest auditor's education is Bachelor's degree with 52 people or 67.5%, followed by Master's degree with 16 people or 20.8% and the least is Diploma 3 with 9 people or 11.7. Based on work experience, it is known that the number of respondents who have worked for 5-10 years is 22 people (28.6%), 1-5 years are 20 people (26.0%), 10-15 years are 14 people (18.2%), 1, less than 1 year are 13 people (16.9%), more than 15 years are 8 people (10.4%). Finally, respondent identity based on position can be explained that the majority have positions as senior auditors 37 people (48.1%), junior auditors 20 people (26.0%), supervisors 15 people (19.5%), and public accountants five people (6.5%).

The data normality test with the Kolmogorov-Smirnov in Table 2 shows that the significance value is $0.200 > 0.05$, so it can be concluded that the data distribution is normally distributed. To see the normality of research data, it can also be seen using a test tool in the

form of a normal plot graph. If the points spread around the diagonal line and follow the direction of the diagonal line, then the data is normally distributed. The multicollinearity test in Table 3 shows that each independent variable has a tolerance > 0.1 and a VIF < 10, so it can be concluded that the regression model is free of multicollinearity. The results of the heteroscedasticity test with the Glejser Test in Table 4, the regression model can be declared free of symptoms of heteroscedasticity, because the significant values for all variables greater than 0.05.

Table 5 shows that the Adjusted R square results have a value of 0.414. so that 41.4% of audit quality variability can be explained by competency skepticism and independence. The calculated F is 18.894 with a significance of $0.000 < 0.05$, so the regression model is declared fit. The results of the t-test show that the probability values for the three variables are below 5% so hypotheses 1, 2, and 3 can be accepted.

Table 1. Respondent Profile

Demographic	Frequency	Percentage
Age		
25-35 year	25	32.5
36-45 year	32	41.6
46-56 year	20	26.0
Education		
Diploma	9	11.7
Bachelor	16	20.8
Master	52	67.5
Work Experience		
below 1 year	13	16.9
1-5 year	20	26.0
6-10 year	22	28.6
11-15 year	14	18.2
above 15 year	8	10.4
Position		
Public Accounting	5	6.5
Supervisor	15	19.5
Senior Auditor	37	48.1
Junior Auditor	20	26.0

Table 2. Normality Testing

One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
Test Statistic	0.078
Asymp. Sig. (2-tailed)	0.200

Table 3. Multicollinearity Testing

Independent Variable	Tolerance	VIF
Professional Skepticism	0.975	1.026
Competency	0.900	1.111
Independence	0.917	1.090

Table 4. Heteroscedasticity Testing

Independent Variable	T-value	Sig.
Professional Skepticism	-0.672	0.504
Competency	-1.197	0.235
Independence	0.958	0.341

Table 5. Hypothesis Testing

Independent Variable	T-value	Sig.	Decision
Professional Skepticism	2.687	0.009	H1 accepted
Competency	3.011	0.004	H2 accepted
Independence	4.821	0.000	H3 accepted

Dependent Variable: Audit Quality
 Adjusted R Square = 0.414
 F =18.894, Sig. = 0.000

Discussion

The results of this research show that professional skepticism has a positive and significant effect on audit quality. Based on the results of the hypothesis test professional skepticism shows a t-count of $2.687 > 1.66$ with a significant value of $0.009 < 0.05$, meaning that the higher the professional skepticism possessed by an auditor, the higher the audit quality. Renaldi and Mawardi (2021) professional skepticism is very important for auditors to obtain good information in providing relevant audit evidence to support providing an opinion regarding the fairness of financial statements. According to Arens et al (2015), professional skepticism is an attitude that includes a questioning mind, being alert to conditions that could indicate the possibility of misstatement due to fraud or errors, and critical appraisal of audit evidence. The results of this research are supported by research conducted by Kartika (2016) which shows that professional skepticism has a positive and significant influence on the quality of audit results. This is different from research conducted by Tawakkal (2019) which states that professional skepticism does not have a significant effect on audit quality because the problem of skepticism in conducting audits is considered normal and must be prepared to be resolved properly.

The results of this research prove the hypothesis that competence has a positive effect on audit quality. Based on the results of the hypothesis test, competency shows a t count of $3.011 > t$ table 1.66 with a significant value of $0.004 < 0.05$, meaning that competency has a positive influence on audit quality. This condition illustrates that the higher the competency, the higher the auditor's audit quality will be. According to Mutmainah (2020), competency is defined as a worker's aspects that enable them to produce superior performance. Mutmainah (2020) explains that this personal aspect includes skills where traits, motivation, values, attitudes, knowledge and skills where competence will direct behavior. Competencies also include job-related knowledge, skills, abilities, and skills required for extraordinary activities. The definition of competency in auditing is often measured by experience. The results are in line with Riduwan (2015), auditor competency, which will further improve audit quality and have a positive impact on auditor results. In this research, the competency variable is an internal factor that influences audit quality, and auditors must have sufficient competency to

assist in carrying out audit procedures related to financial reports. This is different from Mutmainah's (2020), where competency has a negative effect on audit quality. This is because auditors are obliged to provide audit services following actual conditions. Biri (2019) in his research produced auditors who did not have sufficient experience and had low knowledge and were unable to carry out thorough, detailed analysis and detect errors, so that it did not affect audit quality.

This research proves the hypothesis that independence has a positive effect on audit quality. Based on the results of the hypothesis test, independence shows a t count of $4.821 > 1.66$, with a significance value of $0.000 < 0.05$, meaning that independence has a positive effect on audit quality. This condition illustrates that the higher the independence, the better the audit quality of the auditor. Independence is an essential auditing process to show the credibility of financial reports which is the management's responsibility (Tandiontong, 2015). Wiguna and Hapsari (2015) state that independence is an impartial perspective in the audit process, evaluating audit results, and preparing reports. Independence has a significant and positive effect on fraud detection. This proves that independence is a factor that influences fraud detection, and the higher the level of independence, the higher the level of fraud detection. Apart from that, according to research by Dwimilten & Riduwan (2015), independence has a positive effect on audit quality. This shows that the higher the auditor's independent attitude, the greater the impact on audit quality. In contrast to Tawakkal (2019), the research results show that independence has a positive but not significant effect on the quality of audit results. These results indicate that there is still interference and interventions by interested parties. Nugrahaeni (2019) in his research found that the independence variable did not have a significant effect on audit quality. This is because at the time the audit was carried out it was still not free from managerial efforts to determine the activities being inspected.

CONCLUSION AND RECOMMENDATION

Conclusion

From the results of the analysis and discussion, it can be concluded that professional skepticism has a positive influence on audit quality. This means that the higher the professional skepticism the auditor has in carrying out the audit, the higher the resulting audit quality will be. Competence has a positive contribution to audit quality, the higher the competency the auditor has when carrying out an audit, the higher the quality of the resulting audit. Furthermore, independence has a positive influence on audit quality. The higher the independence the auditor has in carrying out the audit process, the higher the resulting audit quality will be.

Managerial Implications

Based on the results, several suggestions can be made, including that auditors should not delay decisions, during the audit process, they are supported by complete evidence. Delays in the auditor's decision due to the client's request can create or give rise to fraud between the client and the auditor. This means that the quality of the resulting audit does not match the actual situation. Furthermore, in carrying out the audit process, the auditor should stick to the applicable Financial Accounting Standards regulations, because if we only plan without the basis of the applicable regulations it will result in poor audit quality. The auditor should maintain an independent attitude in carrying out the audit process so that the auditor makes decisions according to the circumstances without pressure from any party and produces good audit quality.

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