

Effect of Competence, Independence, and Auditor Experience of Audit Quality (Study of Public Accountants in Malang City Public Accountant Office)

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Abstract. This research was conducted to find out the influence of competency, independence, experience and field experience program (ppl) on Audit Quality in Malang City. The population in this study is the auditor at the Public Accounting Firm in Malang. The sample in this study was all auditors from 8 public accounting firms in Malang. The independent variables in this study are competence, independence, experience and ppl while the dependent variable is audit quality. The data collection method is done by using the questionnaire method. The analytical method used is multiple linear regression analysis using the help of the SPSS version 16 statistical computer program. The results of this study found that simultaneous competence, independence, experience and ppl influenced audit quality, and the results partially showed that the variables of potential, independence of experience, and ppl affected audit quality.

Keywords. Competence, Independence, experience, ppl Auditors, Audit Quality.

1. Introduction

Competition in the business world today is increasingly fierce, including competition in the business of public accounting services, so the Public Accounting Firm must be able to survive in the midst of such competition, each Public Accounting Firm must be able to gather as many clients as possible. But the Public Accounting Firm must also pay attention to the professionalism of work, especially expertise, so that in addition to bringing together as many clients as possible, the office can also be increasingly trusted by the wider community. If the professionalism of the work continues to be maintained and even enhanced by KAP, the services produced will have a high quality.

The public accountant profession is a profession of public trust. From the public accounting profession, the public expects a free and impartial assessment of the information presented by the company's management in the financial statements (Mulyadi and Puradiredja; 1998; 3). The public accounting profession is responsible for raising the level of reliability of the company's financial statements, so that the public obtains reliable financial information as a basis for decision making.

The public accountant or independent auditor in his task of auditing the company client has a strategic position as a third party in the environment of the client company that is when the public accountant carries the task and responsibility of management (Agent) to audit the financial statements of the company he manages. In this case, management wants its performance to always look good to external parties, especially owners (principals). But on the other hand, the owner (principal) wants the auditor to

report honestly the conditions that exist in the company he has financed. From the description above shows that there are different interests between management and users of financial statements.

Expertise is one of the main factors that must be owned by an auditor, with the expertise he has allows the audit tasks carried out can be completed properly with maximum results. This expertise obtained from formal and non-formal education must be continually improved. One source of enhancing auditor expertise can come from experiences in auditing and accounting. This experience can be obtained through a gradual process, such as: carrying out audit tasks, training or other activities related to the development of auditor expertise.

In addition to the experience factor which has an important role in enhancing auditor expertise, continuing education also has an important meaning in the development of an auditor's behavior and attitude. Psychological experts, state that education is increasing

the potential for excellent behavior. They also suggest that a development can be described as a process that brings someone to a higher pattern of behavior (Knoers & Haditono, 1999). In this case the development of experience gained by the auditor based on the theory shows a positive impact on the addition of behavior that can be realized through the expertise possessed to have more mature skills. And the experiences gained by the auditor, enable the development of the potential possessed by the auditor through a process that can be learned.

Related to the topic of this research, several studies of auditor experience have been carried out by previous researchers, one of which is Ashton's research in Tubbs (1992) about the relationship between experience and level of knowledge concluded that differences in auditor experience cannot explain differences in the level of knowledge owned by the auditor. Auditors with the same level of experience may show large differences in their knowledge. The research results of Richard m. Tubbs (1992) also concluded that increasing experience would increase the auditor's attention in committing violations for control purposes.

Auditing is a systematic process for obtaining and evaluating evidence objectively about statements about economic activities and events, with the aim of determining the suitability of the statements with the established criteria and the delivery of the results to interested users "(Mulyadi; 2002; 9).

A. Audit

According to Alvin A. Arens and James K. Loebbecke in Amir Abadi Jusuf (2003, p. 1) is as follows: "Auditing is the process of collecting and evaluating material evidence about information that can be measured regarding an economic intention by a competent and independent person to be able to determine and report the suitability of the information referred to specified criteria. From this definition conclusions can be drawn about the characteristics of the audit:

- Audit is a process of collecting and evaluating evidence or information.
- The existence of audit evidence (evidence) which is information on the information used by an auditor to assess the suitability of the information.
- The level of suitability and certain criteria.
- The audit must be carried out by an auditor who has the qualifications needed to conduct the audit. An auditor must be competent, independent, experience, and continuing education of the function or business unit he checks.
- Reporting and communicating the results of audits to interested parties.

B. Competence

Competence is the skill of an expert (Sri Lastanti; 2005; 88). Where an expert is defined as someone who has a certain level of skill or knowledge in a particular subject gained from training and experience. and use analysis tools in the form of ratios that will explain or illustrate to the analyst good or bad state of a company's financial position. According to Munawir (2002) basically the ratio numbers are complex and varied because the ratios are made according to the needs of the analyzer. However, the ratio numbers basically can be classified into 2, namely: the source of financial data and based on the purpose of the analyzer. While this research analyzes in terms of financial data.

C. Independence

Independent means that public accountants are not easily influenced. Public accountants are not justified in favor of anyone's interests. Public accountants are obliged to be honest not only to the management and owners of the company, but also to creditors and other parties who place trust in the work of public accountants (Christiawan; 2002).

D. Definition of Experience

Experience is a process of learning and development of behavioral potential increases from both formal and non-formal education or can be interpreted as a process that brings someone to a higher behavior pattern. A learning also includes a relatively appropriate change of behavior that results from experience, understanding and practice. (Knoers & Haditono, 1999).

E. Definition of Audit Quality

De Angelo (1981) in (Kusharyanti; 2003; 25) defines audit quality as the possibility that an auditor will find and report violations that exist in his client's accounting system. The likelihood that the auditor will find misstatement depends on the quality of the auditor's understanding (competence) while the act of reporting misstatement depends on the auditor's independence. The quality of this audit is very important because a high quality audit will produce financial reports that can be trusted as a basis for decision making.

2. Methods

The research design used is quantitative descriptive, because the results of research in the form of numbers processed by the SPSS application. According to Sugiyono (2008), a quantitative research model is a research model based on the philosophy of positivism that is used to examine certain populations or samples.

A. The scope of research

In this study, the authors chose the object of research is the auditor who is in eight public accounting firms in the city of Surabaya. In this study there are four independent variables namely competency, independence, experience and continuing education

B. Population and Sampling Techniques

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2009). The population in this study are all auditors contained in the Public Accounting Firm (KAP) in the city of Surabaya. According to Sugiono (2009), the sample is a portion of the total number and characteristics that exist in the population. Because the sample is part of the population, then the sample taken in the study must really be able to represent the characteristics of the population (representative).

C. Data Types and Sources

The types of data in the preparation of this study are:

1. Primary data, data in the form of a questionnaire that the authors spread to the sample in eight KAP in the city of Surabaya.
2. Secondary data, the data the authors obtained during the study in the form of library research.

Data source

1. Primary data, this primary data the authors get from the questionnaire that the authors distribute to the sample that is the auditor at eight KAP in the city of Surabaya.
2. Secondary data, secondary data the author obtained through searching data relating to this study include data on the establishment of each public accounting firm via the internet.

D. Data collection technique

The data needed in this study was collected using a questionnaire distribution conducted directly by researchers to all KAPs that became the study population. In this study the census method used in sample selection is the desired number of samples not based on consideration that can be accounted for, as long as it meets the research needs. In this case the researchers included the auditor based on a hierarchy, namely partners, managers, senior auditors, and junior auditors. The interview carried out Conducting verbal questions and answers to respondents regarding the object being studied. The questionnaire is a list of questions / statements relating to the object being studied submitted to the respondent.

E. Definition of Variable Operations

According to Sugiyono (2009), Operational variables need to be done to determine the type, indicator, and measurement scale of the related variables in the study. Everything in the form of what is determined by researchers to be studied in order to obtain information about it, then conclusions drawn. The variables in this study use the independent variable and the dependent variable, where the Independent variables analyzed in this study are Competence (X1), Independence (X2), Safety (X3), while the Dependent variable used is Quality audit (Y).

F. Data analysis

The tool used to collect data in this study is a list of statements that are often referred to generally by the name of the questionnaire. The data expected for this research is sourced from the literature and the field. Literature data is data that is more utilized to identify indicators of the influence of competence, independence, experience and continuing education on audit quality. Primary data obtained from field research, which is derived from answers to questionnaires included in the study sample.

The method used in field research is a direct survey to the field. In this method the researcher went directly to the respondent for filling out the questionnaire, by way of the author entrust the staff to be sent to each respondent. Each respondent is given one to three weeks. This method was chosen because the location of respondents is scattered, so this method is expected to save costs and time. Multiple regression analysis aims to find the relationship between the dependent variable with several independent variables that are formulated with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \square \quad (1)$$

Description symbol:

Y: Quality Audit

A: Constants

b (1,2,3,4..6): Regression Coefficient

X1: Competence

X2: Independence

X3: Experience

□ : Error

3. Discussion and analysis result

This research is a research to find out competence, independence, experience and continuing education on audit quality. Respondents in this study were 98 respondents who came from KAP Malang. Respondent data collection in this study was carried out by registering the respondent directly to the KAP and waiting until the respondent completed the questionnaire that I distributed, and also through intermediaries, namely officers in each of the Public Accountant Offices in Malang. The intermediary method is a method of collecting data through certain people who generally have a relationship with the respondent, for example employees / staff in the KAP. The response obtained through this intermediary method is better than the direct method, both in terms of time and the return of the questionnaire.

No	Explanation	Number of questionnaires distribute	Number of questionnaires back
1	Spread the questionnaire	120 (100%)	60 (50%)

Based on the above table, it can be explained that the distribution of questionnaires was carried out directly. The number of questionnaires distributed was 120 (100%) questionnaires with a return of 60 (50%).

A. Validity and Reliability Test

Validity Test is used to measure the level of validity of statement items in the questionnaire. Validity test is done by Pearson model product correlation technique (Ghozali, 2006), which correlates the scores of the items of each variable with their total scores. Criteria, if the significance value of a variable is smaller than alpha = 0.05 (5%), means that the measuring instrument has high validity, in the sense that the statements in the questionnaire can measure its size function, as desired.

The results of this validity test indicate that of the 24 items in total that were declared valid, the reliability test was carried out using the Cronbach Alpha statistical test, with the Cronbach alpha value of > 0.6 . As for the results of the reliability shows that overall the measuring instrument can be said to be reliable.

B. Normality test

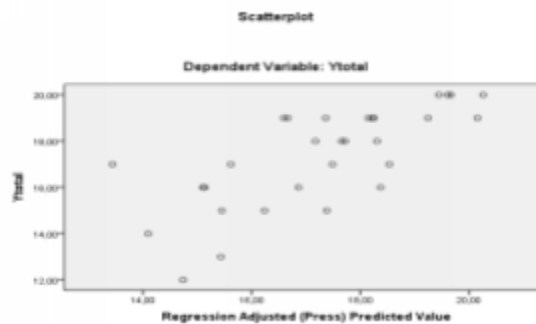
The results of the Kolmogorof-Smirnov One Sample test showed a significance value of 0.764 greater than 0.05 so that it could be stated that the regression model was normally distributed.

C. Multicollinearity Test

The test results by taking into account the VIF value showed < 10 , meaning that the entire variable does not contain multicollinearity

D. Heteroscedasticity Test

in this study can be seen from the presence or absence of certain patterns on the Scatter Plot line. Heteroscedasticity test in this study can be seen from the following Scatter Plot images:



From the Scatter plot graph above it can be seen that the point (data) is spread and does not form a specific pattern, so it can be concluded that this regression model does not occur heteroscedasticity.

E. Hypothesis testing

Data analysis uses regression calculations, with SPSS 16 software and multiple linear regression equations can be obtained, viz

$$Y = -0,041 + 0,147 X_1 + 0,646 X_2 + 0,291 X_3$$

Based on the results of the F test can be explained that the F count of 18,707 with a significance value of 0,000 so that it can be concluded that the regression model can be said to be fit.

Table 1 Hypothesis Test (Test f)

Model	Sum of Square	Df	Mean Square	F
1 Regression	134,811	3	44,937	18707
Residual	134,532	56	2,402	
Total	269,333	56		

T test results can also be explained that the significant level of 0000 (compensation), 0001 (independence), 0000 (auditor experience). This can be explained that partially the competence, independence and auditor experience variables have a significant effect on audit quality.

Table 2 T Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std Error	Beta			Tolerance	VIF
(1 Constant)	-3,447	2,799		1,232	.223		
X1	.371	.061	.590	6,097	.000	.953	1,049

X2	.109	.31	.328	3,465	.001	.996	1,004
X3	.368	.93	.382	3,947	.000	.953	1,050

Analysis of determination in multiple linear regression is used to determine the percentage contribution of the influence of independent variables simultaneously on the dependent variable. Following are the results of the analysis of determination after data analysis using SPSS.

Table 3 Correlation Value (R) and Determination Coefficient Value (R Square)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.707	.619	1.32996

Based on the SPSS test that I tested, the R² (R Square) figure was 0.707 or 70.7%. This shows that the percentage of contribution of the influence of independent variables on the dependent variable was 70.7%. While the remaining 29.3% is influenced or explained by other variables not included in this research model. Variables that are maximized are, the auditor's professional code of ethics, auditor integrity, auditor objectivity, and auditor motivation.

The results of the first hypothesis state that competence influences audit quality. From the research that has been done, the results show that competency has a positive influence on audit quality. For competency variable (X1) has a sig. 0,000 (less than $\alpha = 0.05$), which means that potential has partial effect on audit quality. This study supports empirical research (Duff, 2004) in Halim (2013) where competence affects audit quality.

The results of the second hypothesis state that independence influences audit quality, for the independence variable (X2) has a sig value. 0.004 (more small than $\alpha = 0.05$), which means that independence partially influences audit quality. The results of this study support the empirical

4. Conclusion

research of Schroder et al. (1986) in Halim (2013), Moizer (1998) in Halim (2013) where independence also affects audit quality. And this study supports research (Halim 2013), that auditor independence is positively related to audit quality. The more independent an audit is, the better the auditor's ability to report findings of violations in the client's accounting system.

Therefore, the higher the quality of the audit. The third hypothesis states that the auditor's experience influences audit quality. From the research that has been done, the results show that the auditor's experience has a positive influence on audit quality. For the experience variable (X3) has a sig value. 0.001 (smaller than $\alpha = 0.05$), which means that experience has a partially positive effect on audit quality. This argument is supported by the results of Libby and Frederick's (1990) study in Halim (2013) that experienced auditors have a better understanding of clients' financial statements. They are also better able to provide reasonable explanations for financial statement errors and can group errors based on the auditor's objectives and the structure of the underlying accounting system.

This study aims to determine the effect of competence, independence, experience and continuing education of auditors on audit quality. The sample of this study consisted of 30 auditor respondents from 8 public accounting firms in Malang. Data processing was performed using SPSS version 16 (Statistical Package for Social Science). Based on the research results, the following conclusions can be drawn:

1. The auditor's competence, independence, experience, and continuing education simultaneously influence audit quality. So the hypothesis is accepted.
2. Auditor competence partially influences audit quality. So the hypothesis is accepted.
3. Auditor independence partially influences audit quality. So the hypothesis is accepted.
4. The auditor's experience partially influences audit quality. So the hypothesis is accepted.
5. The auditor's continuing education partially influences audit quality. So the hypothesis is accepted.
6. So it can be seen that the most dominant influence on audit quality is competence.

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