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Auditors' Perceptions of Artificial Intelligence, Institutional Pressure, and Auditor Personality on Audit Quality

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ABSTRACT

This study analyses the effect of Artificial Intelligence, institutional pressure, and auditor personality on audit quality. The respondents were 84 auditors at Public Accounting Firms in Surabaya. This research is motivated by the inconsistency of previous research results. In addition, AI, which has begun commonly used by auditors to assist in audit tasks, has become the focus of new research. Auditors' perceptions may differ in accepting that AI will provide benefits or cause disruption during the audit process. Empirical results show that institutional pressure and auditor personality influence audit quality, while the use of AI does not affect audit quality. Although AI can help answer various questions, it's not always directly correlated with audit quality. This research show that managers at public accounting firms need to consider the presence of AI to increase the speed and quality of auditor work. However, they also need to organize and plan AI adoption to avoid unsatisfactory results. In addition, managers must also choose skilled professional auditors who can integrate with AI systems to improve company performance and reduce the risk of misuse of AI systems. In practice, managers still really need to consider personality in the auditor profession and use it as an indicator for assessing quality. In addition, auditors' perception of institutional pressure will improve audit quality if they perceive such pressure as a driving factor for performance quality.

INTRODUCTION

In this era of complex business and strict regulations in the manufacturing, goods, or services sectors, investors' and stakeholders' demand for financial report audits is increasing. In the audit process, the auditor collects and analyzes relevant evidence and assesses the entity's internal control system to ensure the reliability and validity of the financial information that has been presented. According to Semenova et al. (2023), audit quality is an essential parameter in assessing the reliability of an entity's financial reports. This includes auditor independence, professionalism in performing audit duties, and compliance with professional standards and codes of ethics. Maintaining high audit quality is critical to ensuring that the financial information presented by an entity can be trusted by stakeholders, such as shareholders and external parties, thereby supporting accurate decision-making (Albawwat & Frijat, 2021).

The provision of credible accounting information is very relevant to improving efficient resource allocation and contracting, and this can be achieved through audits. In this case, the audit quality produced by a professional external auditor determines how much the company per-

formed during the previous period. As reported by the Financial Times in 2023, the Public Company Accounting Oversight Board (PCAOB) found a 38% shortfall in audit work performed by Earnest and Young, one of the Big Four public accounting firms, for companies listed in the United States. This figure is an increase compared to 2021, which showed a 21% shortfall in audit work by EY (Foley & O'Dwyer, 2023). Several factors, such as the impact of the COVID-19 pandemic, remote audits, mass layoffs, and labor shortages, influence the increasing trend of shortfalls in audit work by public accounting firms. The decline in the quality of audit inspections decrease the trust of related parties, such as investors and regulators. In line with efforts to address these issues, the PCAOB encourages EY and other public accounting firms to improve auditor competency levels and ensure that audits meet global audit standards consistent with stakeholder demands and expectations (Foley & O'Dwyer, 2023).

Audit quality, the benchmark for an auditor, is based on the Resource-Based View (RBV) theory. This theory is an approach to strategic management that emphasizes a company's internal resources, such as physical, human, and organizational resources (David, 2017; Dewi, 2016). Resources that are rare, valuable, and difficult to replace in auditing can increase a company's capability to provide higher quality audits, including their ability to detect errors or fraud in financial statements. Therefore, audit quality reflects how managing internal resources can positively impact their ability to provide superior services compared to competitors, creating a competitive advantage in the audit industry (DeFond & Zhang, 2014).

In this research, several factors influence audit quality, namely using artificial intelligence (AI), institutional pressure, and the auditor's personality. According to previous research (Abu Huson et al., 2024; Adawiyah, 2022; Adeoye et al., 2023; Albawwat & Frijat, 2021; Musa, 2024; Semenova et al., 2023) the use of AI has a positive influence on audit quality, while research by Noordin et al. (2022) provides different results that the reliability of AI does not guarantee an increase in audit quality. This is caused by immature AI implementation and a need for more trust in the use of AI. The use of AI in the audit process is something new and has rarely been studied because only a few public accounting firms have used AI in their audit process.

Institutional pressure has a negative effect on audit quality. The higher the institutional pressure, the lower the audit quality produced (Negash & Lemma, 2020; Tetteh et al., 2023; Wang et al., 2017), but previous studies have shown different results that the relationship between institutional pressures and auditing quality is not effective (Ebrahimzadeh et al., 2023). High institutional pressure will generally reduce the quality of the audit produced. However, this depends on how the auditor responds to this pressure. Furthermore, not only does the use of AI and institutional pressure affect audit quality, but internal factors such as auditor personality are also considered capable of influencing audit quality. Apart from that, audit quality is influenced by the auditor's personality (Chen et al., 2023; Samagaio & Felício, 2022). On the other hand, not all previous researchers agree that auditor personality is the primary determinant of audit success (Andriyanto et al., 2018; Rahmawati & Indrijawati, 2020). The gap in previous research regarding audit quality determinants encourages researchers to study it further.

The relationship between variables in this study is explained using the Resource-Based View (RBV) theory proposed by David (2017), which states that the strategic management approach emphasizes the company's internal resources, such as physical, human, and organizational resources. High internal resource management in the audit process will encourage the creation of the resulting audit quality (DeFond & Zhang, 2014). According to David (2017), using AI is a component of organizational resources, especially in information systems. The high use of information systems will help companies achieve a competitive advantage. Auditors who use AI entirely while completing their work can achieve high audit quality. Institutional pressure and auditor personality are part of the human resource components in Public Accounting Firms. In the

RBV view, auditors must be able to manage responses to institutional pressures that will later affect audit quality. In addition, auditor personality, such as skills, honesty, integrity, and competence, are also human resource components that can affect audit quality. The ability to manage responses to institutional pressure and auditor personality are internal factors that will help auditors achieve their competitive advantage through high-quality audits (Samagaio & Felício, 2022).

The inconsistency of previous research results prompted researchers to determine whether audit quality is influenced by the high use of AI, good auditor personality during the audit process, and institutional pressure faced by auditors while completing their work. The respondents of this study were auditors working at a Public Accounting Firm in Surabaya. Data shows that Surabaya is the second-largest city where Public Accounting Firms operate (IAPI, 2024). Therefore, the number of public accountants who may be respondents will be significant. This study makes important contributions to the literature and practice. First, our study contributes to the literature on the exploration of determinants of audit quality. Although there have been previous studies that have researched audit quality, such as Client Diversity (Ebrahimzadeh et al., 2023), the Size of the Public Accounting Firm (Harris & Williams, 2020), Corporate Governance (Kaawaase et al., 2021), Audit Experience (Maknun et al., 2023), and Job Stress (Nasirpour et al., 2022), there are still limited researchers who have studied whether the use of AI will improve audit quality through ease and speed in data processing during the audit process, the influence of institutional pressures that are still ambiguous (positive or negative) on audit quality, and the importance of the existence of auditor personality in producing adequate audit quality. Second, the contribution of our study to practice is how managers in public accounting firms can maximize their resources to produce high audit quality and reduce the potential risks that may occur in completing jobs.

LITERATURE REVIEW

Resource-Based View Theory

Resource-Based View (RBV) explains that an organization's internal resources can be the primary source of competitive advantage in strategic and economic management (David, 2017). Internal resources are physical, organizational, and human elements. First, physical resources include physical assets such as facilities, equipment, technology, and infrastructure owned by the organization. For example, advanced production technology or a strategic geographic location can be a valuable physical resource. Second, organizational resources include organizational structure, management systems, internal processes, and company culture. This element focuses on how the organization organizes, manages business processes, and implements its culture to create a competitive advantage. Thirdly, human resources involves the skills, knowledge, and experience of employees or auditors in the organization. A high-quality, innovative, and well-trained team can be a valuable resource.

Based on the RBV, using AI is one of the internal resources or capabilities that may influence audit quality. Auditors must also manage responses to institutional pressures as a resource that may influence audit quality. Furthermore, the auditor's personality, including the auditor's skills, honesty, integrity, and competence, can be considered a human resource influencing audit quality (Samagaio & Felício, 2022). Auditors with good personalities may produce better audits so that organizations can recruit and retain auditors with personalities that match the demands of audit work, resulting in a competitive advantage in audit quality.

Audit quality measures the extent to which an audit meets established standards (Semenova et al., 2023). Audit standards are guidelines that auditors must follow when carrying out audits (Rajgopal, 2021). Audit standards aim to ensure that audits are carried out professionally and can provide adequate assurance about the fairness of financial statements. Audit quality related to meeting standards is a measure of the assessment of the audit process and results carried out by

the auditor concerning applicable audit standards (Detzen & Gold, 2021). Audit quality related to meeting high standards can be achieved by fulfilling all aspects of audit quality related to meeting standards, namely auditor independence, auditor professionalism, auditor ethics, audit methods used, and auditor communication skills (Cho et al., 2020). Apart from that, auditors must also apply audit standards consistently when conducting audits.

High audit quality can benefit financial report users, auditors, and the audited entity. It is also used to ensure that the audited financial reports are of good quality, guarantee investor confidence, foster audit practitioners' self-confidence, guarantee transparency and accountability, ensure compliance with laws and regulations, and encourage audit practitioners to continue to improve their quality (Harris & Williams, 2020). Audit quality can be measured through various metrics, namely the level of auditor independence, the level of stakeholder confidence, and the level of increase in auditor competence.

Hypotheses Development

Artificial Intelligence (AI) in auditing is applying intelligent computer technology to improve the audit process's efficiency, accuracy, and effectiveness (Purba & Dewayanto, 2023). The use of technology such as machine learning, data analysis, natural language processing, and automation of routine tasks in the form of AI has the potential to strengthen auditors' efforts to recognize risks, perform data analysis quickly, examine documents, and overall improve audit quality throughout the audit process. Utilizing AI also allows auditors to conduct data checks more quickly than manual methods. AI in auditing in question uses spreadsheet software with tools supported by Generative Pre-trained Transformer (GPT), which provides several benefits. GPT, as an advanced language model, can be used to improve text analysis and understanding of content in financial reports. GPT can help identify patterns or anomalies that may reflect risks or errors. Additionally, using AI in spreadsheets can facilitate the automation of routine tasks, such as data processing and report preparation, which can save time and increase auditor efficiency. GPT can also improve audit quality by providing suggestions or recommendations based on in-depth data analysis. The use of AI can be measured through various metrics, namely (1) the level of accuracy of the AI system, (2) the ability of AI to handle complex data, and (3) the level of time savings.

Artificial intelligence (AI) uses computer technology and systems to automatically analyze audit data, identify anomalies, and perform specific tasks without human intervention (Cho et al., 2020). AI in auditing can include machine learning, text analysis, extensive data analysis, and other intelligent algorithms. The relationship between the use of artificial intelligence and audit quality can have a positive effect. AI in audits can increase the efficiency and effectiveness of the audit process with the ability to analyze data more accurately and quickly (Purba & Dewayanto, 2023). According to Rajgopal (2021), AI systems can carry out analysis with a high level of accuracy, identify anomalies with precision, and produce more precise audit results. This level of accuracy is an essential indicator in evaluating AI's ability to improve audit quality. Based on previous research also states that the use of AI can improve audit quality (Adawiyah, 2022; Al-bawwat & Frijat, 2021; Semenova et al., 2023), meaning that there is a positive relationship between the use of AI and audit quality. Based on the theoretical references and linkages, as well as previous research, the hypothesis of this study is as follows:

H1: The use of artificial intelligence affects audit quality.

Institutional pressure is when the client or company being audited tries to influence or pressure the external auditor to change audit results or practices that may not be in accordance with applicable audit standards (Maknun et al., 2023). According to Chan et al. (2021),

institutional pressure can create conflicts of interest between professional obligations and client expectations and requires a firm attitude from auditors to maintain independence and integrity in preparing audit reports. Some rules and guidelines have been established to guide auditors in overcoming institutional pressures and maintaining independence and integrity. The Professional Standards issued by the Indonesian Association of Public Accountants relate to ethical and professional standards that auditors must follow. This standard includes provisions regarding auditor independence, integrity, and responsibility towards society. Second is International Auditing Standards, which include audit guidelines and principles. This standard also provides direction regarding independence and actions that must be taken if auditors face institutional pressure that could threaten their independence. Third, the Code of Professional Ethics for Accountants guides auditors' ethical behavior. This code includes the independence, integrity, and objectivity principles that auditors must follow. Institutional pressure can be measured through several metrics, namely, (1) pressure on client satisfaction, (2) pressure to follow poor practices, and (3) pressure to meet time targets.

Institutional pressure can significantly impact audit quality, with three crucial indicators reflecting this pressure (Kaawaase et al., 2021). First, an emphasis on client satisfaction can compromise auditor independence, leading to the potential for reduced criticism and adjustment of opinions to conform to client expectations. Second, pressure to follow unethical practices from related parties, such as management or clients, can lead auditors into ethical dilemmas, threatening the integrity and objectivity of the audit. Third, the pressure to meet time targets, which auditors often face, can result in the risk of decreasing audit quality.

From the RBV perspective, institutional pressure can be considered one of the resources auditors own. Suppose auditors can manage institutional pressure effectively. In that case, they can turn it into a competitive advantage, which can be reflected in improving audit quality in the context. Institutional pressure may trigger the utilization of resources such as increasing auditor competence in responding to client needs or improving the audit process to meet higher standards. Thus, this result reflects the contribution of institutional pressure as a resource that can strengthen critical aspects in the audit context. Aligns with the RBV perspective that emphasizes the importance of resources and unique capabilities in achieving competitive advantage. The relationship between institutional pressure and audit quality is negative, depending on how auditors respond to such pressure. Based on previous research, institutional pressure can reduce audit quality (Negash & Lemma, 2020; Tetteh et al., 2023; Wang et al., 2017).

The relationship between institutional pressure and audit quality is negative, depending on how auditors respond to the pressure (Wang et al., 2017). If companies or audit firms respond to institutional pressure with good compliance with regulations and audit standards, this can improve audit quality. However, if they ignore institutional pressure or try to avoid their responsibilities, this can have a negative effect on audit quality. Institutional pressure can affect audit quality because the entities or institutions that exert such pressure are often interested in maintaining transparency, accountability, and integrity in the audit process. Based on the theoretical references and linkages, as well as previous research, the hypothesis of this study is as follows:

H2: Institutional pressure influences audit quality.

Auditor personality refers to the combination of characteristics, attitudes, and behaviors that differentiate an auditor from others (Nasirpour et al., 2022). This personality includes various aspects, such as auditors' attitudes, values, temperament, and interpersonal skills, influencing their audit tasks. Several personality characteristics considered necessary in the audit profession include integrity, objectivity, thoroughness, initiative, communication skills, and a skeptical attitude in assessing information. Auditors' personalities have a significant impact on how they interact with clients, audit teams, and other stakeholders and can influence the quality and

effectiveness of audits performed (Chen et al., 2023; Nasirpour et al., 2022; Samagaio & Felício, 2022).

The auditor's personality does not always have to be severe and stiff. Although integrity and professionalism are essential, auditors can also have more flexible and adaptive personalities. As work demands become increasingly complex, auditors should be able to adapt, communicate effectively, and be friendly in interacting with clients and audit team members (Kashanipour et al., 2019). A positive attitude, cooperation, and the ability to respond to situations with emotional intelligence can also strengthen the auditor's ability to handle pressure and challenges better. Flexibility in personality allows auditors to be more open to change, adapt the audit approach according to needs, and build positive relationships with related parties. Therefore, while seriousness and orderliness remain essential, having a more dynamic personality can be a valuable asset for an auditor. Personality measurements can be measured through various metrics, namely, (1) skepticism towards management information, (2) level of auditor diligence, and (3) level of risk awareness.

Auditor personality refers to individual auditors' personality characteristics or traits in the audit process. It includes extraversion, neuroticism, openness, conscientiousness, and kindness that influence how auditors behave, interact with clients, and carry out their audit duties (Samagaio & Felício, 2022). The auditor's personality can play an essential role in determining audit quality. First is the level of auditor skepticism, where the higher the level of skepticism, the greater the auditor's possibility of conducting a more careful and critical audit. Second, the level of auditor diligence. Auditors with a high level of diligence carry out audit work more thoroughly. Lastly, they need to have a high level of risk awareness. Auditors who are more alert to risk tend to perform more thorough and detailed testing. Thus, the auditor's personality can directly influence the audit approach and results, contributing to the resulting level of audit quality.

In RBV theory, the auditor personality can be considered as one of the human resources of a company or audit firm. Audit firms that have auditors with personality characteristics that support quality audit practices may have human resources that are valuable assets. Based on Kuo et al. (2022), the relationship between auditor personality and audit quality will depend on how much the audit firm can utilize these human resources as a competitive advantage in ensuring its audit quality. Auditor's personality characteristics influence how they collect evidence, interact with clients, and make audit decisions (Samagaio & Felício, 2022). Previous research shows that the auditor's personality can improve audit quality (Chen et al., 2023; Kuo et al., 2022; Samagaio & Felício, 2022).

H3: The auditor's personality influences audit quality.

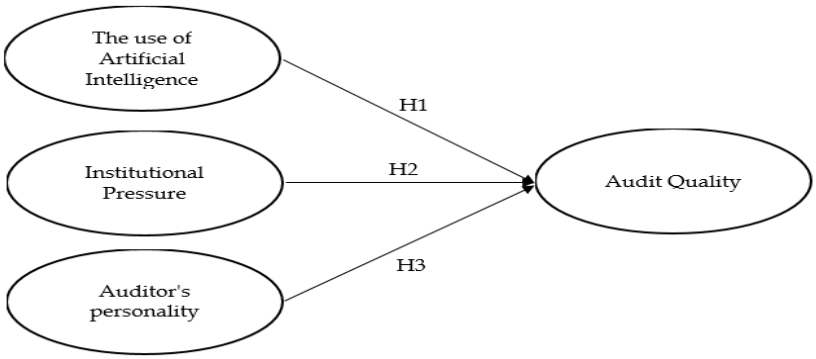

Figure 1. Research Model

Source: Data processed, 2024

RESEARCH METHOD

This research uses a quantitative research approach. Quantitative research is a method that collects and analyzes data in the form of numbers or statistics to test hypotheses and answer research questions (Cooper & Schindler, 2014). This research uses a deductive approach and focuses on testing existing theories. Quantitative research has several characteristics, such as using a positivism paradigm, explaining the causes of social phenomena using numerical analysis and objective measurements, and maintaining distance between researchers and respondents (Cooper & Schindler, 2014). This research aims to determine the influence of artificial intelligence, institutional pressure, and auditor personality. To answer this objective, researchers used perception data from auditors who work at Public Accounting Firms. Surabaya was chosen because it is the second-largest city in Indonesia and has the second-largest number of Public Accounting firms. The recorded population of auditors in Surabaya Public Accounting Firm is 1,464 from 52 Public Accounting Firms (IAPI, 2024). This research provides sample criteria, namely Surabaya Public Accounting Firm Auditors who have audited companies or MSMEs for at least one year. The researcher justifies that auditors who have worked for at least one year have experience conducting audits and have implemented several audit procedures. This research uses primary data from distributing questionnaire instruments online and offline to Surabaya Public Accounting Firm Auditors. Filling out the questionnaire using a Google form makes it easier for the auditor to fill in the questionnaire statements. The following is the operational definition of this research variable, which is presented in Table 1.

Data analysis in this research was carried out in two forms, namely descriptive and statistical analysis using SEM-PLS. Descriptive analysis explains the general picture of the data presented by summarizing the main characteristics of the variables and sample demographics. Statistical analysis explains the validity and reliability tests of instruments, hypothesis testing, exploration of relationships, and data trends using the SmartPLS 4.0

RESULT AND DISCUSSION

Based on the sample criteria and data collection, 84 samples of auditors who filled out the questionnaire ultimately came from 27 Public Accounting Firms registered in Surabaya. The following is the distribution of data and demographics of research respondents, which are presented in Table 2. Based on Table 2, 58% of the sample data are male auditors, and the remaining 42% are female auditors. This shows that male auditors dominate the research sample. Apart from that, judging from work tenure, 43% of the sample data is dominated by auditors with 3-5 years of audit experience. This means that the research sample complies with the initial criteria created by the researcher. A relatively high dominance of auditors who have experience will produce research results that can describe field conditions.

Next, before testing the hypothesis, the researcher first tests the measurement model, which focuses on the validity and reliability of the instrument. After ensuring the instrument is valid and reliable, a structural model test will be carried out to explore the relationship between the independent and dependent variables. In testing the measurement model, researchers measured the constructs and indicators using SEM-PLS. Validity measurements use the criteria of loading factor > 0.7 and Average Variance Extracted (AVE) value > 0.5, while reliability uses Cronbach's alpha and composite reliability criteria > 0.7. The following are the results of the validity and reliability tests, which are presented in Table 3.

Table 1. Operational Definition of Variables

Variable	Narrative Definition	Variable Indicator
Audit Quality	A measure of the extent to which an audit carried out by an independent auditor is reliable, relevant, and effective in revealing the uncertainty that exists in an entity's financial statements (Noordin et al., 2022).	• Level of Auditor Independence • Stakeholder Confidence Level • Increased level of Auditor Competency (Noordin et al., 2022)
The Use of Artificial Intelligence	Application of artificial intelligence (AI) technology that can perform human tasks such as understanding extensive literature and quick thinking (Albawwat & Frijat, 2021).	• The level of accuracy of the AI system • Ability to deal with complex data • Time-saving rate (Albawwat & Frijat, 2021)
Institutional Pressure	Influences that come from the external environment of an organization or institution influence policies, actions, and practices within the organization (Wang et al., 2017).	• Emphasis on client satisfaction • Pressure to follow unethical practices • Pressure to meet targets (Wang et al., 2017)
Auditor's Personality	An auditor's Personality characteristics influence how they conduct audits, interact with clients, and make audit decisions (Asare et al., 2024).	• Skepticism towards management information • Level of auditor diligence • Level of awareness of risks (Asare et al., 2024)

Source: Asare et al. (2024) Noordin et al. (2022) Albawwat & Frijat (2021) Wang et al. (2017)

Table 2. Respondent Demographics

Demographics	Description	Number
Gender	Male	49
	Female	35
Audit Tenure	1-2 year	29
	3-5 year	36
	>5 year	19

Source: Processed Data, 2024

Table 3 shows that the convergent validity indicator is met because the loading factor value is > 0.7. However, several indicators must be removed from the model because they have a loading factor value < 0.7, such as KA4, AI3, TI1, TI4, PA2, and PA3. Furthermore, the AVE value for all variables is > 0.5, indicating that the indicator is valid. The reliability value of this research indicator is fulfilled, as shown by Cronbach's alpha and composite reliability values of> 0.7. Researchers focus on model and research hypothesis testing in structural model testing. Based on the model test shows that the R-squared value of this research is 0.782. This value provides evidence that the research model is in the strong category. Next, the following is a summary of the results of the research hypothesis testing using SEM-PLS analysis.

Table 3. Validity and Reliability Test

Indicator	Code	Loading factor		AVE	*Cronbach's Alpha*	*Composite Reliability*
		Initial	Final			
Audit Quality				0.614	0.789	0.864
	KA 1	0.737	0.757			
	KA 2	0.861	0.872			
	KA 3	0.787	0.795			
	KA 4	0.420				
	KA 5	0.714	0.702			
The Use of Artificial Intelligence				0.563	0.774	0.837
	AI 1	0.666	0.710			
	AI 2	0.745	0.744			
	AI 3	0.460				
	AI 4	0.683	0.726			
	AI 5	0.841	0.818			
Institutional Pressure				0.763	0.845	0.906
	TI 1	0.546				
	TI 2	0.849	0.867			
	TI 3	0.895	0.901			
	TI 4	0.476				
	TI 5	0.803	0.852			
Auditor Personality				0.585	0.749	0.808
	PA 1	0.692	0.767			
	PA 2	0.514				
	PA 3	0.612				
	PA 4	0.737	0.715			
	PA 5	0.728	0.810			

Source: Data processed, 2024

Table 4. Hypothesis Test

Hypothesis	*Original sample*	*Sample mean*	*Standard deviation* (STDEV)	*T statistics* (|O/STDEV|)	*P values*
The use of AI → Audit Quality	-0.022	-0.009	0.055	0.392	0.700
Institutional Pressure → Audit Quality	0.255	0.247	0.132	1.937	0.049
Auditor Personality → Audit Quality	0.682	0.690	0.122	5.607	0.000

Source: Data processed, 2024

The first hypothesis of this study states that AI affects audit quality. The results of the statistical test show that the first hypothesis is not accepted (0.700 > 0.050). Although GPT Spreadsheet has high accuracy, data error detection, and time efficiency capabilities, its contribution to improving audit quality is not significantly proven. The result suggests that other factors may be more dominant in determining audit quality. Resources like AI technology may not be rare or difficult for competitors to imitate, so they do not provide a significant competitive advantage. The inability of internal company resources to utilize AI to achieve high audit quality proves the truth of the Industrial Organization (I/O) theory. According to David (2017), the Industrial Organization (I/O) theory views external factors as more important than internal factors in achiev-

ing competitive advantage. Based on the Industrial Organization (I/O) theory, external factors - such as economies of scale, service differentiation, and the level of office competitiveness - are more critical in improving audit performance than resources, capabilities, structures, and internal operations.

This finding aligns with research by Noordin et al. (2022), which notes that external auditors tend to experience dependence on the contribution they perceive from AI systems and tools. Although the impact may not be statistically significant, looking at the auditor's perception as a critical factor is essential. This raises questions about qualitative factors that may influence how auditors perceive the effectiveness of AI in improving audit quality. These findings highlight the relevance of further research that can provide in-depth insights into the role and acceptance of AI technologies in audit practice.

The second hypothesis in this research is accepted, meaning that institutional pressure influences audit quality (0.049 < 0,050). This can be interpreted as a reflection of the complexity of dynamics in audit practice, which is influenced by institutional factors. Institutional pressures that pressure auditors to fulfill their desires without considering integrity and objectivity, carry out less-than-good practices, do not meet standards, or even suddenly force clients to achieve targets quickly can significantly affect audit quality. This phenomenon underlines the importance of understanding how institutional dynamics can influence audit practices. It emphasizes the need to manage institutional pressures to align with integrity, objectivity, and compliance with audit standards to improve overall audit quality. The research results show a positive relationship between institutional pressure and audit quality. This means that the higher the institutional pressure received by the auditor, the higher the audit quality produced by the auditor.

From the RBV perspective, institutional pressure can be considered one of the resources auditors possess. If auditors can manage institutional pressures effectively, they can turn them into competitive advantages, which can be reflected in improved audit quality in the context. Institutional pressures may trigger resource utilization, such as increasing auditor competency in responding to client needs or improving audit processes to meet higher standards. Thus, these results reflect the contribution of institutional pressure as a resource that can strengthen critical aspects in the audit context. This aligns with the RBV perspective, which emphasizes the importance of unique resources and capabilities in achieving competitive advantage (Rohma & Khoirunnisa, 2024). These findings are consistently in line with previous studies (Kashanipour et al., 2019; Wang et al., 2017), which confirm that the interaction between social and institutional pressure has a substantial role in shaping audit quality.

This research tests the influence of the auditor's personality on audit quality, and the statistical results show that the hypothesis cannot be rejected (0.000 < 0,050). This means a relationship exists between the auditor's personality and audit quality. The better the auditor's personality, the higher the quality of the resulting audit. The auditor's skepticism towards information from management, the willingness to ask again if the client provides data that they feel is unclear, and the ability to assess materiality all contribute positively to audit quality. Auditors' success in bringing these characteristics into their audit practices can increase their ability to detect errors or deficiencies, ensure focus on truly significant aspects, and positively contribute to overall audit quality.

In the context of the RBV, the auditor's personality, such as skepticism, persistence, risk awareness, communication skills, and materiality assessment skills, can be considered a rare resource and difficult for competitors to imitate. When auditors combine and optimize these resources, they can create a competitive advantage in improving audit quality. These findings support the RBV perspective that organizations or individuals utilizing their unique resources and capabilities will achieve a competitive advantage in improving audit quality.

This finding is consistent with previous research (Chen et al., 2023; Samagaio & Felício, 2022), highlighting the significant impact of personality traits and the level of auditors' professional doubts on audit quality. This research strengthens and expands understanding regarding the importance of auditor characteristics in audit practice, especially the positive impact of personality traits on audit quality. Previous research (Chen et al., 2023; Samagaio & Felício, 2022) highlights skepticism, persistence, and professional doubt as key to establishing superior audit quality. The holistic approach applied in this research reflects a paradigm shift in understanding audit practice, where technical factors, psychological aspects, and individual auditor personality are recognized as crucial elements in assessing and improving overall audit quality. Thus, these findings contribute to the developing audit literature and underscore the need to involve psychological dimensions in discussions of audit quality.

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

The results of this study indicate that institutional pressure and auditor personality affect audit quality, while the use of AI has no effect on audit quality. Institutional pressure during the audit process encourages auditors to produce quality audit reports. In addition, the relationship between auditor personality and audit quality is positive. This means that the personality shown by the auditor's high scepticism, professionalism, and expertise will be accompanied by an increase in the quality of the resulting audit. The use of AI is not able to determine the improvement of audit quality. This proves that the sophistication of the tools used by auditors in the audit process does not guarantee high audit quality. Auditor readiness and understanding in using AI is very important in influencing this relationship. In addition, the use of AI to support the audit process is often not important.

These findings are essential to understanding the factors influencing audit quality and their implications for improving audit practice. Management of AI technology, institutional pressure, and attention to auditors' characteristics can be a focus in efforts to improve audit quality. Thus, this research provides a solid and relevant empirical foundation for understanding and improving audit quality. There are several limitations in this research. First, research indicators need to meet the criteria, so several statements in the questionnaire are not suitable for measuring variables. Second, researchers need to explore more information regarding AI used by auditors so that explanations regarding the costs and benefits of using AI on audit quality can be explained thoroughly. Based on these limitations, further research is encouraged to explore the role of AI in improving audit quality. AI may not act as a determinant of audit quality but has a moderating role in other determinants of audit quality.

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