

Available online at www.sciencedirect.com

ScienceDirect

Procedia - Social and Behavioral Sciences 211 (2015) 328 – 335

Procedia
Social and Behavioral Sciences

2nd Global Conference on Business and Social Science-2015, GCBSS-2015, 17-18 September
2015, Bali, Indonesia

The Effect of Work Experiences, Competency, Motivation, Accountability and Objectivity towards Audit Quality

Olivia Furiady ^a, Ratnawati Kurnia ^{b*}

^a Universitas Multimedia Nusantara, Scientia Garden, Jl Boulevard Gading Serpong, Tangerang 15811, Indonesia

^b Faculty, Universitas Multimedia Nusantara, Scientia Garden, Jl Boulevard Gading Serpong, Tangerang 15811, Indonesia

Abstract

The purpose of this research was to examine the effect of working experience, competency, motivation, accountability, and objectivity towards audit quality for the auditors working at Public Accounting Firms in Jakarta and Tangerang. The results of this study showed that Competency, Accountability and Objectivity has significant effect towards audit quality. By improving the auditor's competency, auditors have deeper knowledge and give better judgment to achieve audit quality. Accountability will make the auditors give the best effort in doing the audit. Objectivity can help the auditors to be able to act fairly without being influenced by pressures of the other party.

© 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015

Keywords: Audit Quality; Accountability; Competency; Motivation; Objectivity; Work Experiences

1. Introduction

Business development in Indonesia growing more rapidly, marked by the increasing of share transactions in Indonesia Stock Exchange (IDX). In www.idx.com, IDX states that the average daily transaction value of share in 2013 is equal to IDR 6.25 trillion, increase 37.68% compared to 2012, which equal to IDR 4.54 trillion. These developments are encouraging businesses to continuously improve the performance of the company. One of the things

* Corresponding author. Tel.: +6285945399815 ; fax : +622154220800
E-mail address: ratna@umn.ac.id

that can be done by the business is the expansion of the company as an indicator of the progress of a company besides the increasing number of customers.

The company need a lot of fund for expansion. Therefore, financial managers should look for alternatives funding source outside the capital owners by issuing shares or borrowing debt. In order to issue shares, the company should be listed on the Indonesia Stock Exchange (IDX), with one of the requirements is audited financial statements. Financial statement is a structured representation of the financial position and financial performance of an entity (IAI, 2012). Auditor should perform audit quality to provide reliable and trusted information. Audit quality is reliable if it contains findings and conclusions of the audit objectively and give constructive recommendations. Audit report meets established standards if auditor set targets, scope, and methodology of audit when receiving the assignment, audit working papers are reviewed, auditors collect and test the evidence optimally. With high audit quality, it will produce reliable information for decision-making considerations. Audit quality may be influenced by several factors, such as work experience, competence, motivation, accountability and objectivity of the auditor.

Work experience will improve auditor's ability to do the audit. Auditor's work experience influence by length of time and the number of tasks that have been performed by the auditor. Both of these increase auditor expertise in doing the audit. According to UU No. 5 of 2011 about public accountants, auditors should be able to maintain their competencies through continuing professional training. Competency consists of personal quality, general knowledge, and special skill. Increasing in personal quality, general knowledge, and special skill will increase auditor competency and expertise, and give higher audit quality.

Auditor need motivation to perform their duties properly. Motivation is encouragement which belong to auditors, that support performance in effort to reach the goal. Encouragement can be obtained by auditor from themselves, co-workers, work place or employer. Goleman (2001) in Ramadhanis (2012) said that with the motivation, someone will have high morale to achieve the goals and meet the existing standards. Morale makes auditor complete their job with great toughness, introspection and consistency (not influenced by mood in examinations and to maintain the results of the audit), so auditor's work will comply with the standards has been established, which indicates the high quality of audit.

In performing their duties, auditors will certainly attempt to meet the standards, which then raise accountability. Tetclock (1984) in Singgih and Bawono (2010), defines accountability as a form of psychology encouragement that makes someone trying to account for all actions and decisions taken by the environment. If auditor has accountability, then work will be done with the entire efforts and thinking, so that the auditor conduct an audit and completed on time in accordance with the auditing standards. Thus, the auditor work will better and increase audit quality. This is in line with research of Ardini (2010), Ilmiyati and Suhardjo (2012), and Saripudin et al. (2012).

Auditor should maintain objectivity and free from conflicts of interest in fulfilling professional obligations. Objectivity is a quality that gives value for services provided by members (IAPI, 2011). Auditor who are free from conflicts of interest will be able to act fairly without influenced by pressure or demand from certain parties, refused to accept the audit engagement if at the same time being has a working relationship with the parties examined, no partiality to anyone, reliable and trustworthy. This suitability indicates that audit quality is higher. This study was conducted to analyse whether Auditor's Work Experience, Competency, Motivation, Accountability, And Objectivity have significant effect towards Audit Quality (Empirical Studies for Public Accountants in Tangerang and Jakarta)

2. Body

2.1 Literature Review

Audit quality is the auditor's work result shown with a reliable audit reports based on the determined standards (Sukriah et al, 2009). To be able to meet good audit quality, the auditor guided by the accountant code of ethic, professional standards, and applicable financial accounting standards in Indonesia (Ilmiyati and Suhardjo, 2012). Audit quality is positively influenced by work experience, competency, motivation, accountability and objectivity.

Knoers and Haditono (1999) in Singgih and Bawono (2010) define work experience as a learning process and increase of potential development of good behavior from formal and non-formal education, a process of bringing a person to higher behavior pattern. Purnamasari (2005) in Samsi et al. (2013) state that an employee having a high work experience will have advantages to detect, understand, and look for the error causes. Length of works as an

auditor and its experience will increase the audit quality (Alim et al, 2007 in Carolita and Rahardjo, 2012). Ha₁: The auditor's work experience has effect on audit quality

Auditor competency is the ability of an auditor to apply the knowledge and experience that have been possessed in auditing, so that the auditor can perform the audit carefully, accurately, and objectively (Carolita and Rahardjo, 2012). The first general standard SA section 210 (IAPI, 2011) mentions that the professional competency is divided into two separate stages, namely professional competency achievement and the professional competency maintenance. The higher competency level, the more audit quality (Sukriah et al, 2009). Ha₂: The auditor's competency has effect on audit quality

According to Robbins and Judge (2009), motivation is a process producing an individual intensity, objectives, and perseverance in an effort to achieve goal. Trianingsih (2001) in Ardini (2010) divides the motivations into two parts: positive and negative motivation. Positive motivation is a process of trying to influence others to do something that we want by giving the possibility to get a prize. While, the negative motivation is the process of trying to influence others to do something that we want but the basic technique used is by the powers. Ha₃: Motivation auditor has effect on audit quality

According to Tetlock (2007) in Ilmiyati and Suhardjo (2012), accountability is a form of psychological impulse that make someone trying to account for all actions and decisions taken by the environment. In SA section 230, the third common standards, said that an independence auditor should perform his duties carefully and thoroughly. Accuracy and precision emphasize the responsibility of any auditor who works at a public accounting firm to observe the field work standards and reporting standard, as well as concerning the auditor work and how the perfection of his work (IAPI, 2011). Ha₄: Accountability auditor effect on audit quality

Objectivity is a person independent of any subjective view influence by other concerned parties, to express their opinions according to what is (BPKP, 2005 in Sukriah et al, 2009). In the Ethic Code of Public Accountant Professional Section 120 (IAPI, 2011), objectivity principle requires the auditor to not let subjectivity, conflict of interest, or undue influence from other parties affecting the professional judgment or business considerations. Sukriah et al. (2009) indicates that a person is said to be objective when in the audit process, the auditor can act free from any conflicts of interest and be able to express the state according to the facts. Ha₅: Objectivity auditor has effect on audit quality

Saripudin et al. (2012) research indicate that there is a simultaneous positive effect between independence, experience, due professional care, and accountability to the audit quality. Ramadhani (2012) finds that competence, independence and motivation simultaneously give positive effects on the audit quality. A research by Sukriah et al. (2009) also finds that work experience, independence, objectivity, integrity, and competence of auditors simultaneously has effect on audit quality. Ha₆: The auditor's work experience, competence, motivation, accountability and objectivity simultaneously has effect the audit quality.

2.2. Research Method And Data Analysis

Object of this research are the auditors working at public accounting firms located in Tangerang and Jakarta in 2014, with a minimum one year work duration. The research method is causal study, to prove causal relationship between the independent variables that is work experience, competency, motivation, accountability and objectivity of the auditor with the dependent variable audit quality. Data used is primary data, obtained directly from the object of research through the distribution of the questionnaires. Data collection technique used is personally administrated questionnaires. Sampling technique using a convenience sampling, For data analysis purpose SPSS 20 was used.

Number of questionnaires distributed in this research were 194 questionnaires, to auditors in public accounting firms in Tangerang and Jakarta. The number of questionnaires returned was 160 (82.47%) then 27 questionnaires (13.92%) did not qualify for the research (15 questionnaires with respondents who have work experience of less than one year and 12 incomplete filled questionnaires). So the questionnaires that can be used in this research are 133 questionnaires (68.56%).

Based on validity test results, variable work experience, competency, motivation, accountability, objectivity and audit quality have sig (2-tailed) 0,000. Sixth variables have sig. (2-tailed) under 0.05, which indicates that all the questions are valid. Based on the reliability test results, the six variables has Cronbach's Alpha above 0.70. So that all

variables reliable.

Table 1. Result of Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		133
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	2,03579367
Most Extreme Differences	Absolute	,067
	Positive	,050
	Negative	-,067
Kolmogorov-Smirnov Z		,772
Asymp. Sig. (2-tailed)		,591

a. Test distribution is Normal.
b. Calculated from data.

Based on Table 1, Asymp. Sig. (2-tailed) is 0.591. Asymp. Sig. (2-tailed) value is greater than 0.05, so the data for regression model are normally distributed.

All tolerance values above 0.1 and VIF under 10. This result shows that there is no correlation between the independent variables.

Table 2. Result of Multicollinearity Test

Coefficients^a			
Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
1	Total PK	,341	2,932
	Total KO	,282	3,545
	Total MO	,756	1,322
	Total AK	,279	3,590
	Total OB	,294	3,401

a. Dependent Variable: Total KH

PK = Work Experience, AK = Accountability, KO= Competency, OB= Objectivity
MO= Motivation, KH = Audit Quality

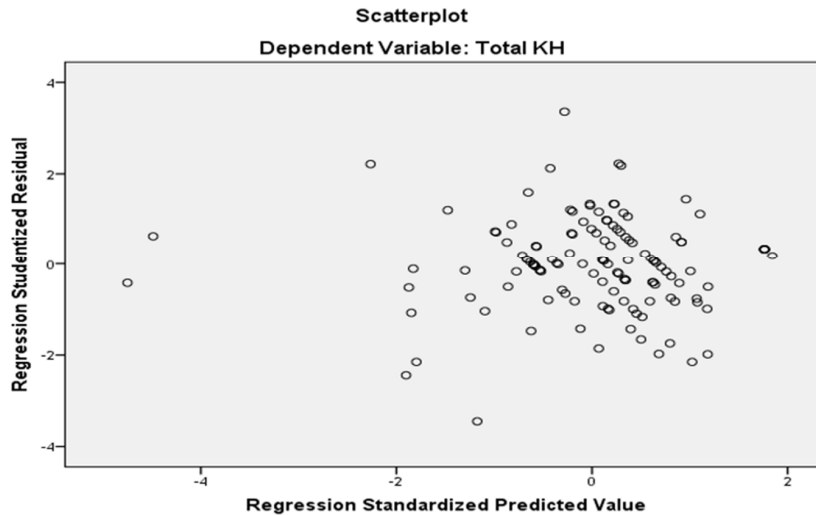


Figure 1 Result of Heteroscedasticity Test

Based on scatterplot graph in Figure 1, the dots do not generate specific pattern (such as wavy, or widened and then narrowed) and spread above and below the number 0 on Y axis. It shows that there is no heteroscedasticity.

Table3. Coefficient of Determination Test

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,887 ^a	,787	,779	2,075

a. Predictors: (Constant), Total OB, Total MO, Total PK, Total KO, Total AK

b. Dependent Variable: Total KH

R value is 0.887, indicates that there is a strong correlation between dependent variable (audit quality) with independent variables (work experience, competency, motivation, accountability, and objectivity). Adjusted R-square value is 0.779, showed that 77.9% of audit quality variable explained by five independent variables. While the remaining 22.1% (100% -77.9%) is explained by other variables outside the model.

Tabel 4. Result of Simultaneous Significance Test

ANOVA^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2024,375	5	404,875	93,990	,000 ^b
1 Residual	547,068	127	4,308		
Total	2571,444	132			

a. Dependent Variable: Total KH

b. Predictors: (Constant), Total OB, Total MO, Total PK, Total KO, Total AK

Based on F test, obtained F value of 93.990 with a significance of 0.000 or less than 0.05. The results showed that the regression model can be used to predict quality audit. Work experience, competency, motivation, accountability and

objectivity simultaneously has significant effect on audit quality. Based on these test results, then H_{a6} accepted. The result of F-test is consistent with research of Sukriah et al. (2009), Ardini (2010), Ramahanis (2012), Saripudin et al. (2012), Singgih and Bawono (2010), Arianti et al. (2014), Ilmiyati and Suhardjo (2012), Suyono (2012).

Table 5 Result of Partial Significance Test

Model	Coefficients				T	Sig.
	Unstandardized Coefficients		Standardized	Beta		
	B	Std. Error	Coefficients			
(Constant)	,615	2,074			,297	,767
Total PK	,188	,097	,137		1,951	,053
Total KO	,184	,078	,181		2,351	,020
Total MO	,065	,047	,065		1,391	,167
Total AK	,301	,072	,324		4,184	,000
Total OB	,384	,098	,297		3,938	,000

a. Dependent Variable: Total KH

Multiple regression equation of this research is:

$$KH = 0,615 + 0,188 PK + 0,184 KO + 0,065 MO + 0,301 AK + 0,384 OB$$

Work experience has coefficient regression amounted to 0.188. Work experience has t-value of 1.951 with significance level is 0.053 or greater than 0.05, that suggest H_{a1} rejected, which mean working experience has no effect on audit quality. The results are consistent with researchs by Bawono and Singgih (2010) and Samsi et al. (2013). The result does not support H_{a1} that work experience has effect on the audit quality. But this study results contradict with Sukriah et al. (2009), Saripudin et al. (2012), Hutabarat (2012), and Carolita and Rahardjo (2012).

Competency has coefficient regression amounted to 0.184. Competency has t value amounted to 2.351 with significance level is 0.020 or less than 0.05, that suggest H_{a2} accepted, which mean competency has effect on audit quality. The result of this research is consistent with research of Sukriah et al (2009), Ardini (2010), Ramadhanis (2012), Ilmiyati and Suhardjo (2012), also Kharismatuti and Hadiprajitno (2012). Moreover, this research result contradict with Carolita and Rahardjo (2012) and Samsi et al (2013).

Motivation has coefficient regression amounted to 0.065. Motivation has t value amounted to 1.391 with significance level is 0.167 or greater than 0.05, that suggest H_{a3} rejected, which mean motivation has no effect on audit quality. The result of this research is consistent with research of Ardini (2010) and Ramadhanis (2012). Moreover, this research result contradict with of Efendy (2010) and Rosnidah et al (2011).

Accountability has coefficient regression amounted to 0.301. Accountability has t value amounted to 4.184 with significance level is 0.000 or less than 0.05, that suggest H_{a4} accepted, which mean accountability has effect on audit quality. The result of this research is consistent with research of Bustami (2013), Singgih and Bawono (2010), also Saripudin et al (2012). This research result contradict with Ardini (2010).

Objectivity has coefficient regression amounted to 0.384. Objectivity has t value amounted to 3.938 with significance level is 0,000 or less than 0.05, that suggest H_{a5} accepted, which mean objectivity affect audit quality. The result of this research is consistent with Sukriah et al (2009), Arianti et al (2012), and Carolita and Rahardjo (2012).

3. Conclusion

H_{a1} rejected, which mean working experience has no effect on audit quality. This is because the respondents in this study are dominated by young auditors with work experience less than 3 years, they are not involved in the whole

audit process and have no special powers related to the audit. The number of audit tasks that have been done is not enough to be a means of learning

Ha₂ accepted, which mean competency affect audit quality. The increasing of auditor's competency shows that the auditor has a great curiosity, broad-minded, able to handle uncertainty, and able to work in teams. The auditor also has the ability to conduct an analytical review, knowledge concerning the organizational theory, auditing and public sector, as well as accounting. The auditors also has the expertise to interview, quick read, understand statistic science, expert to use computers, so the audit quality is increasing as well. Competencies are important for the auditor as they are the public accountant professional ethic principles affecting the audit quality. The competency principle requires the auditor to maintain professional knowledge and expertise required to ensure the competent professional service provision for the clients or employers. Auditor also still has to maintain and improve his competences on an ongoing level which can be done by joining the Sustainable Professional Education so that clients can receive competent professional services.

Ha₃ rejected, which mean motivation does not affect audit quality. The motivation has no effect on the audit quality due to some the auditors do not understand UU no 5 Year 2011 related to public accounting. Actually, there are sanctioned imprisonment and criminal fines for public accountant who does not do his job base don the applicable standards. Therefore, the law socialization should be conducted to the public accountant in Indonesia.

Ha₄ accepted, which mean accountability affect audit quality. Accountability indicates that the auditor can complete the audit work well and on time, convinced that his work carefully examined, reviewed by the supervisor, and accountable to the employer. Auditors also conducts an audit by a vigorous effort, using the power of thought, effort and devotes all the power of thought, as well as mobilizes the whole energy and mind in conducting the audit, thus increase the audit quality. Accountability is very important for the auditor as a factor affecting the audit quality. The accuracy and precision emphasize the auditor's responsibility in carrying out his job.

Ha₅ accepted, which mean objectivity affect audit quality. The increasing auditor's objectivity indicates that the auditor who can act fairly without pressure or demand influenced by certain interested parties on the audit, will refuse to accept audits if at the same time has a cooperative relationship with the party being examined, will be impartiality to anyone who has an interest in the work results, as well as reliable and trustworthy. The auditor's objectivity can be developed by having the willingness to conduct an audit base don the generally accepted standards in Indonesia and the real situation, so that the auditor will be fair and not subjective in conducting the audit.

The questionnaire distribution is carried out at the peak season, so the auditor's response is low in filling out the questionnaire. Its should be done when the auditors are not in busy periods to have better response in the questionnaires. The questionnaire distribution is carried out only at 15 non big fours KAP with the number of respondents are 131 respondents, so it has not been able to describe the general response of the auditor working at KAP Tangerang and Jakarta. The researchers can then conduct a research not only on non-big fours KAP, but also on big four KAP. The adjusted R-square value in this study is 0.774 or 77.4%. This indicates that the remaining of 22.6% is explained by other variables which are not used in this study. The researchers can then add other independent variables such as independence, integrity, and time budget pressure.

References

- Ardini, Lilis. 2010. "Pengaruh Kompetensi, Independensi, Akuntabilitas Dan Motivasi Terhadap Kualitas Audit". *Majalah Ekonomi*. Vol. 20, No. 3, 329-349.
- Arens, Alvin A., Randal J. Elder, and Mark S. Beasley. 2014. *Auditing and Assurance Services: An Integrated Approach*. 15th ed. Essex, England: Pearson Education, Inc.
- Arianti, Komang Pariardi, Edy Sujana, and I Made Pradana Adi Putra. 2014. "Pengaruh Integritas, Obyektivitas, dan Akuntabilitas terhadap Kualitas Audit di Pemerintah Daerah (Studi pada Inspektorat Kabupaten Buleleng)". *E-Journal SI Ak Universitas Pendidikan Ganesha Jurusan Akuntansi SI*. Vol. 2, No. 1.
- Bustami, Afif. 2013. *Thesis*. Pengaruh Independensi, Akuntabilitas dan Profesionalisme Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik Di Jakarta).
- Carolita, Metha Kartika and Shiddiq Nur Rahardjo. 2012. "Pengaruh Pengalaman Kerja, Independensi, Objektivitas, Integritas, Kompetensi, dan Komitmen Organisasi Terhadap Kualitas Hasil Audit (Studi Pada Kantor Akuntan Publik di Semarang)". *Diponegoro Journal of Accounting*. Vol. 1, No. 2, Page 1-11.
- Efendy, M. T. 2010. *Thesis*. Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah.

- Ikatan Akuntan Indonesia. 2012. *Standar Akuntansi Keuangan*. 2012. Jakarta: Ikatan Akuntan Indonesia.
- Institut Akuntan Publik Indonesia. 2011. *Standar Profesional Akuntan Publik (SPAP)*. Jakarta: Salemba Empat.
- Ilmiyati and Suhardjo. 2012. "Pengaruh Akuntabilitas dan Kompetensi Terhadap Kualitas Audit". *Juraksi*. Vol. 1, No. 1, Page 01-28.
- Imam Ghozali. 2012. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 20*. Semarang: Badan Penerbit Universitas Diponegoro.
- Kharismatuti, Norma and P. Basuki Hadiprajitno. 2012. "Pengaruh Kompetensi Dan Independensi Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderasi (Studi empiris pada internal auditor BPKP DKI Jakarta)". *Diponegoro Journal of Accounting*. Vol. 1, No. 1, Page 1-10.
- Peraturan Menteri Keuangan Nomor 17/PMK.01/2008 tentang Jasa Akuntan Publik
- Ramadhanis, Sari. 2012. "Pengaruh Kompetensi, Independensi dan Motivasi terhadap Kualitas Audit Pada Inspektorat". *E-jurnal Binar Akuntansi*. Vol. 1, No. 1, 76-83.
- Robbins, Stephen P., Timothy A. Judge. 2009. *Organizational Behavior*. New Jersey: Prentice Hall, Inc.
- Rosnidah, Ida, Rawi and Kamarudin. 2011. "Analisis Dampak Motivasi dan Profesionalisme terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah (Studi Empiris pada Pemerintahan Kabupaten Cirebon)". *Pekbis Jurnal*. Vol. 3, No. 2, 456-466.
- Saripudin, Netty Herawaty, and Rahayu. 2012. "Pengaruh Independensi, Pengalaman, Due Professional Care dan Akuntabilitas Terhadap Kualitas Audit (Survei Terhadap Auditor Kap Di Jambi Dan Palembang)". *E-Jurnal Binar Akuntansi*. Vol. 1, No. 1, , Page 4-13.
- Samsi, Nur, Akhmad Riduwan, and Bambang Suryono. 2013. "Pengaruh Pengalaman Kerja, Independensi, dan Kompetensi Terhadap Kualitas Audit: Etika Auditor Sebagai Variabel Pemoderasi". *Jurnal Ilmu dan Riset Akuntansi*. Vol. 1, No. 2, Page 207-226.
- Schermerhorn, John R., Richard N. Osborn, Mary Uhl-Ben, and James G. Hunt. 2012. *Organizational Behavior*. 12th edition. Asia: John Wiley & Sons Pte Ltd.
- Singgih, Elisha Muliani and Icuk Rangga Bawono. 2010. "Pengaruh Independensi, Pengalaman, Due Professional Care dan Akuntabilitas Terhadap Kualitas Audit". *Jurnal*. SNA 13. Purwokerto.
- Sukriah, I., Akram and B. A. Inapty. 2009. "Pengaruh Pengalaman Kerja, Independensi, Obyektifitas, Integritas dan Kompetensi Terhadap Kualitas Hasil Pemeriksaan". *Jurnal*. SNA XII. Palembang.
- Suyono, Eko. 2012. "The Effects of Independence, Experience, and Accountability to the Audit Quality". *Jurnal*. Purwokerto: University of Jenderal Sudirman.
- Undang-Undang Nomor 5 Tahun 2011 tentang Akuntan Publik
<http://www.idx.co.id>