Locus of Control role as moderating to impact Auditor Independence and Professional Skepticism on Audit Quality

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| ARTICLE INFO**Article history:**Received Revised Accepted **JEL Classification:**Key words: Locus of Control,Audit Quality, Independence, Professional Skepticism**DOI:**10.14414/jebav. |  | ABSTRACTLocus of control is an individual's belief in control events in life caused by factors within him or another factor outside himself. External and internal locus of control are part of locus of control. Locus of control is a psychological variable inherent in the auditor and can influence ethical decision-making. The auditor's ethical decision is in the form of the auditor's actions when conducting an examination, always maintaining professional Independence and scepticism. Independence and scepticism can be influenced by locus of control, so locus of control can also affect to audit quality. This research objective aims to examines locus of control role as a moderator between Independence and professional scepticism of audit quality. This study was conducted by surveying The Big Four auditors through linkedin. Random sampling is used as a sampling technique. This study used the MRA (Moderated Regression Analysis) technique. Results from this research show that the locus of control internal strengthens the effect Independence and professional scepticism on audit quality. Still, locus of control external weakens the impact Independence and professional scepticism on audit quality. |
|  | ABSTRAKLocus of control merupakan keyakinan individu terhadap kendali kejadian dalam hidup yang dapat disebabkan faktor dalam dirinya atau faktor lain diluar dirinya. Eksternal dan Internal Locus of control merupakan bagian dari locus of control. Locus of control merupakan variabel psikologis yang melekat dalam diri auditor serta dapat mempengaruhi pengambilan keputusan etis. Keputusan etis auditor berupa tindakan auditor saat melakukan pemeriksaan untuk selalu menjaga independensi dan skeptisisme profesional. Independensi dan skeptisisme professional dapat dipengaruhi oleh locus of control sehingga kualitas audit juga dapat dipengaruhi oleh locus of control. Penelitian ini bertujuan menguji peran locus of control sebagai moderasi antara independensi dan skeptisisme profesional terhadap kualitas audit. Penelitian dilakukan dengan menyebarkan kuesioner melalui linkedin kepada auditor yang bekerja di KAP Big Four. Random sampling digunakan sebagai teknik pengambilan sampel. Penelitian ini menggunakan teknik analisis MRA (Moderated Regression Analysis). Penelitian ini memiliki hasil bahwa Locus of control internal menguatkan pengaruh independensi dan skeptisisme profesional terhadap kualitas audit, namun locus of control eksternal memperlemah pengaruh independensi dan skeptisisme professional terhadap kualitas audit. |

1. Introduction

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Auditor's probability to finding violations in accounting system and reporting these violations is audit quality meaning (DeAngelo, 1981; Watkin A., L., 2004). Auditors must detect fraud, errors and material misstatements, collect supporting evidence, and disclose findings during the audit.

Audited financial statements are needed by many parties, such as internal parties who use financial reports as decision makers according to company conditions and external parties, such as investors, to be used as an accurate picture of whether to channel funds or not. Therefore, a company's survival is determined by how the auditor conducts an audit and obtains audit quality.

Cases that have occurred related to audit quality, namely SNP Finance. The SNP Finance case in 2018 occurred due to data falsification and manipulation of financial reports by SNP Finance's management, namely creating fictitious receivables through fictitious sales. SNP Finance's auditors failed to detect the fraud, causing losses to many parties.

The Center for Financial Profession Development (PPPK) stated that there were indications of violations of professional standards in auditing SNP Finance for the 2012-2016 financial year, namely reduced auditor independence due to financial statements being audited for five years and reduced professional auditor skepticism in examining SNP Finance's financial statements. The auditor must own Independence and professional skepticism because professional ethics are a guideline when conducting an audit.

Independence can affect audit quality (Akmala, 2019; Lamba et al., 2020; Rahmina and Agoes, 2014). Independence is an impartial attitude and action not influenced by other parties (SPKN, 2017). The auditor must have Independence in conducting audits so that they can be objective and impartial to anyone so that auditor can produce a quality audit. However, several studies have different opinions: Independence does not affect audit quality (Aflaha, 2018; Priscilla, 2017; Tjun, 2012).

Besides Independence, professional skepticism also affects audit quality (Hai et al., 2020; Puspitasari, 2019; Kusumawati, 2018). Professional skepticism is constantly questioning and evaluating audit evidence. Professional skepticism does not mean not believing but looking for evidence of client statements. The mind constantly questioning and critically evaluating audit evidence is encompassed by skepticism or other matters during an examination. However, several studies have different opinions, namely, professional skepticism does not affect audit quality (Triono, 2021; Eka Oktavia, 2019; Nandari, 2015).

Difference research results can be caused by other variables that affect the Independence and professional skepticism of audit quality. According to Hurtt (2008), the Independence and professional skepticism of each auditor are influenced by the individual characteristics contained in each auditor. Individual characteristics influencing ethical decision-making in organizations include locus of control (Trevino, 1986).

According to Rotter (1966), the description of an individual's belief in the control of events that can be caused by factors within him or other factors outside of himself is an explanation of loc, and consists of internal and external locus of control. Supported by the Theory from Ajzen (1991) Theory of Planned Behavior, internal factors cause the intention that arises from individuals to behave in the form of individual characteristics and external factors in the form of situational factors. Trevino (1986) stated that individual characteristics in locus of control influence ethical decisions, namely Independence and professional skepticism.

It can be concluded that a person's behaviour or ethical decision-making is based on internal and external locus of control. Independence and professional skepticism influenced by locus of control can affect audit quality, which aligns with research by Putra & Mimba (2017) and Saragih (2020). Based on the research background, this research aims to analyze the locus of control role as a moderator between Independence and professional skepticism of audit quality.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

**Theory of Planned Behaviour**

The theory of Planned Behaviour forward by Ajzen (1991) declare that internal factors and individual external factors cause the intention that arises from individuals to behave. Theory of Planned Behaviour is used to predict whether individuals will perform or not perform a behaviour. This theory states that when an individual going to do something, he will consider the factors that can influence the outcome of the behaviour that will be done or not done, whether it is easy or difficult to do the behaviour and other people's expectations regarding the behaviour that will be carried out and mo motivation to meet those expectations.

The theory of Planned Behavior illustrates that individual behaviour can change depending on the situation and the type of behaviour to be performed. This study's theory of Planned Behavior raises the variable Locus of Control.

**Deontological Ethical Theory**

Deontology comes from the Greek word deon, which means obligation or something obligatory. Kant (1998) states that one must act on duty (deon) if one wants to do something morally right. A person's actions are considered good or bad if carried out according to obligations. Actions are considered reasonable if obligations carry them out. Otherwise, actions are considered immoral if carried out not by obligations.

The Deontological Theory raises Independence and Professional Scepticism in this study. Auditor must examine by following the obligations, Independence and Professional Skepticism of audit norms and morals.

**Agency Theory**

Relation between agent and principal with different interests described in agency theory (Jensen and Meckling, 1976). Agents know more about the company's condition because agents work on company activities directly. When an agent has more information about the company but does not share this information with the principal, information asymmetry occurs.

A quality audit by an independent party is needed to avoid information asymmetry. Opinion on financial statements that presented fairly by producing information that is in accordance with company conditions as well as information for principals to assess agent performance is a function of audit quality

**Audit Quality**

Audit quality is the ability of an auditor to find and report irregularities that occur in the client's accounting system (DeAngelo, 1981). Auditors must produce high-quality work because auditors are responsible for interested parties.

**Independence**

Independence is the attitude that is expected of the auditor not to have self-interest in conducting an examination without integrity and objectivity according to the public accountant's code of ethics. Independence is part of the professional ethics that the auditor must own.

**Professional Scepticism**

Professional scepticism is an auditor who doubts and questions everything, critically evaluating audit evidence and making audit decisions based on his expertise. Skepticism does not mean not believing but looking for evidence before believing a statement.

**Locus of Control**

According to Rotter (1966) a picture of a individual belief in controlling events in his life, whether caused by factors within or outside himself describe by locus of control, internal and external locus of control. In internal locus of control, individual belief that events in their life occur as a result of what they do. Conversely, in external locus of control, individual believe that events occur due to luck and the power of other people.

Internal locus of control according to Rotter (1966) illustrates that it is oneself who is responsible for all the events experienced, the failures and successes experienced are caused by the abilities and actions taken. Meanwhile, according to Levenson (1981), someone will rely on his business as a way to get success with hard work and sincerely believe it will bring the desired success.

External locus of control according to Rotter (1966) describes someone who feels success is based on factors outside of himself in the form of luck, other people and social context. External locus of control makes a person feel unable to control what happens in his life. Meanwhile, according to Levenson (1981) there are two types of someone who holds on to an external locus of control, namely powerful others and chance. someone who holds on to powerful others feels their life is determined by the more powerful people around them. someone who holds on to chance feels that all events experienced are determined by luck, fate and chance.

**Hypothesis Development**

**Audit Independence and Quality**

In conducting an audit, the auditor must have an attitude of Independence to produce audited financial statements that reflect the actual condition and level of the company's finances. Mautz & Sharaf (1993) stated that independence is the basis for auditing standards because opinions from audits that have been carried out can improve the quality of financial statements. audit opinion cannot provide added value if the auditor is not independent.

Research conducted by Badjuri & Kunci (2011), Lamba et al., (2020), Rahmina & Agoes, (2014) stated that independence has a significant effect on audit quality. In conclusion, the higher the independence of the auditor, the higher the quality of the audit performed.

H1: Independence has a significant influence on audit quality

**Internal Locus of Control, Independence, and Audit Quality**

Auditor who is oriented to locus of control internal feels that the failures and successes experienced are due to the abilities as well as efforts made. Besides he is also an individual who has high initiative, always works hard, can solve problems, thinks effectively and has the perception that effort must be made if you want to succeed. Auditors who adhere to locus of control internal will try and maximize their ability to achieve audit quality.

H2: Locus of control Internal strengthens the influence between Independence and Audit Quality

**External Locus of Control, Independence and Audit Quality**

Auditor who is oriented to a locus of control external feels failure as well as success experienced is caused by external forces, namely luck, other people and fate. he felt unable to change the things that happened. he will think that events in his life are largely determined by fate, luck and chance are also determined by the more powerful people around him.

H3: Locus of control external strengthens the influence between Independence and Audit Quality

**Professional Skepticism and Audit Quality**

Auditing Standards (SA 200) explains that professional scepticism is an assessment of audit evidence with an attitude of the auditor who is always questioning, always being careful in circumstances where there is a possibility of misstatement, caused by fraud or error. Research Afriyani et al. (2014), Hai et al. (2020), Zarefar et al. (2016) shows that professional skepticism has a significant influence on audit quality.

H4: Professional skepticism has a significant influence on audit quality

**Internal Locus of Control, Professional Skepticism, and Audit Quality**

Auditors who are oriented towards locus of control internal feel that their failures and successes due to their abilities as well as the efforts made. he also has high initiative, works hard and tries to solve problems, thinks effectively and has the perception that effort must be made if you want to succeed. The auditor will try and maximize his ability to achieve audit quality.

H5: Internal locus of control strengthens the influence between Professional Skepticism and Audit Quality

**External Locus of Control, Professional Skepticism, and Audit Quality**

Auditors who are oriented towards an external locus of control feel that success as well as failure is caused by external forces, namely luck, opportunity and other people. he will feel unable to control the events that occur. besides that, he will feel that the events that occur are largely determined by fate, luck and chance and are determined by more powerful people who are around him.

H6: External locus of control strengthens the influence between Professional Skepticism and Audit Quality

3. RESEARCH METHOD

**Types of research**

This research uses a quantitative method to test the hypothesis. The method that can be used to quantify this data is by giving weight or attributes in the form of numbers to the data so that it can be processed using modelling and quantitative tools.

**Operational Definitions of Variables and Measurements**

**Audit Quality**

Audit quality is the ability of an auditor to find and report irregularities that occur in the accounting system being audited (De Angelo, 1981). This variable was examined with the indicators used in Harhinto's research (2004): reporting all client errors, understanding the client's accounting information system, and a solid commitment to completing audits, guided by auditing principles and accounting principles in conducting fieldwork, do not blindly believe in client statements, and be careful in making decisions.

**Independence**

Independence is an ethic that must be possessed by the auditor not to have personal interests when carrying out an examination without conflicting with objectivity and integrity according to the Public Accountant Code of Ethics. This variable was examined with the indicators used in Tjun's research (2012). There are four indicators in measuring Independence: the length of the relationship with the client, pressure from the client, review from fellow auditors and non-audit services.

**Professional Skepticism**

Professional scepticism is the behavior of public accountants who doubts and questions everything, critically evaluating audit evidence and making audit decisions based on his expertise. This variable was examined with the indicators used in the research of R. K. Hurtt (2010). There are six main characteristics that a person has when applying an attitude of professional scepticism, namely questioning mind, suspension of judgment, searching for knowledge, interpersonal understanding, self-determining and self-confidence.

**Internal Locus of Control**

Auditors who adhere to locus of control internal feel that failure and success are due to their abilities and actions according to Rotter (1966). Meanwhile, according to Levenson (1981), auditor will rely on his efforts to achieve success with hard as well as earnest effort believed to bring desired success. This variable was examined using the indicators used in Rotter's (1966) and Levenson's (1981) research, namely belief in one's abilities and belief in results of efforts.

**External locus of control**

According to Rotter (1981) auditors who hold on to an external locus of control see success based on external forces, namely luck, other people and social context. he felt unable to control the events that occurred. According to Levenson (1981) auditors who adhere to an external locus of control have a powerful attitude of others as well as chance. This variable is examined with the indicators used in the research of Rotter (1981) and Levenson (1981), namely belief in luck, fate, and opportunity (chance), and belief in the power of others.

**Analysis Method**

**Pilot Tests**

The pilot test used to test validity and reliability of the research instrument. Before the questionnaires were distributed to respondents, the questionnaires were first tested on auditors at the Thoufan and Rosyid Public Accounting Firms in Malang. According to Baker (1994), the sample needed for a pilot test ranges from 10-20% of the total samples. The number of respondents in the pilot test in this study was 20 auditors.

The validity test in this research was tested with the SPSS program Factor Analysis. Factor analysis show that questionnaires distributed can be used for further testing and are valid as a variable forming audit quality, Independence, professional skepticism and locus of control.

Questionnaires that were declared valid were tested through a reliability test. The questionnaire reliable if the respondents' answers are consistent or stable occasionally (Ghozali, 2018). The reliability test results of the questionnaire distributed to 20 auditors were reliable for all variables.

**Classic assumption test**

Several statistical criteria must be followed to see whether the regression model in research is feasible or not to be used tested with the classical assumption test. This study used three classic assumption tests: normality, multicollinearity, and heteroscedasticity.

**Descriptive Analysis**

The function of descriptive analysis is to provide a description that describes the object under study through the sample or population as it is.

**Hypothesis testing**

To test hypothesis 1 and hypothesis 2 in this study using multiple regression tests. Meanwhile, to test hypothesis 3, hypothesis 4, hypothesis 5 and hypothesis 6 to test moderating variables using moderated regression analysis (MRA). The regression analysis equation model used in this study is divided into two, namely:

(1) Y = a + $β\_{1}X\_{1}$ + $β\_{2}X\_{2}$ + e

(2) Y = a + $β\_{3}X\_{1}$ + $β\_{4}X\_{2}$ + $β\_{5}M\_{1}$ + $β\_{6}M\_{2}$ + $β\_{6}X\_{1}$\*$M\_{1}$

 + $β\_{7}X\_{1}$\*$M\_{2}$ +$β\_{8}X\_{2}$\*$M\_{1}$ + $β\_{9}X\_{2}$\*$M\_{2}$

Keterangan:

Y = Audit Quality

a = Constant

$β\_{1}$-$β\_{9}$ = Regression Coefficient

$X\_{1}$ = Independence

$X\_{2}$ = Professional Skepticism

$M\_{1}$ = Locus of Control Internal

$M\_{2}$ = Locus of Control External

$X\_{1}$\*$M\_{1}$ = Interaction Independence Internal LOC

$X\_{1}$\*$M\_{2}$ = Interaction Independence External LOC

$X\_{2}$\*$M\_{1}$ = Interaction Skepticism Internal LOC

$X\_{2}$\*$M\_{2}$ = Interaction Skepticism External LOC

**T-test**

 T-test is used to partially determine the independent variable's effect on the dependent variable.

4. DATA ANALYSIS AND DISCUSSION

The sample in this study was 67 auditors. According to Cohen et al. (2007), the minimum limit researchers must take is 30 samples. Mahmud (2011) states that research using statistical analysis must have a minimum sample of 30. According to Hartono (2016), a good survey is characterized by a minimum return rate of 30%. The sample in this study met the limitations put forward by Cohen (2007), Mahmud (2011) and Hartono (2016).

**Classic assumption test**

**Normality test**

One Sample Kolmogorov Smirnov determines whether the data distribution follows a normal, Poisson, uniform, or exponential distribution. This study normal if the sig more than 0.05. Results of the research normality test are:

**Table 1**

**Normality test results**

|  |  |
| --- | --- |
|  | Unstandardized Residual |
| *Kolmogorov-Smirnov* | ,066 |
| *Asymp. Sig. (2-tailed)* | ,200 |

Source: Data processed by SPSS

From the results of table 1 the sig value of the normality test is 0.200 more than the alpha value of 0.05. it can be concluded that the residual distribution is normally distributed.

**Multicollinearity Test**

Multicollinearity test is used to determine the linear relationship between independent variables in the research regression model. The results of the multicollinearity test are:

**Table 2**

**Multicollinearity test results**

|  |  |
| --- | --- |
| Model | Collinearity Statistics |
| Tolerance | VIF |
| Independence | ,814 | 1,229 |
| Skepticism | ,609 | 1,641 |
| Internal LOC  | ,646 | 1,548 |
| External LOC  | ,854 | 1,171 |

Source: Data processed by SPSS

Based on table 2, it can be seen that the VIF values of the four variables are less than 10, and the tolerance value is more significant than 0.1, so it can be concluded that there is no multicollinearity in this regression equation.

|  |
| --- |
| Table 4 |
| Descriptive Analysis results |
|  | Min | Max | Mean | Std. Dev | Skewness | Kurtosis |
| Independence | 23 | 33 | 27,9851 | 2,46486 | -,176 | -,403 |
| Skepticism | 27 | 40 | 35,8955 | 3,52108 | -,550 | -,680 |
| Audit Quality | 26 | 35 | 32,3731 | 2,85421 | -,656 | -1,103 |
| Internal LOC  | 25 | 40 | 33,7463 | 3,96707 | ,174 | -,879 |
| External LOC  | 8 | 39 | 18,5522 | 6,01081 | ,637 | ,886 |

**Heteroscedasticity Test**

To find out if the regression model has a different or not different residual variety, a heteroscedasticity test is performed. A good regression model is a model that is homogeneous or not different. The test was carried out using the Glejser Test with the condition that it has a sig value. > 0.05 then it will be free from heteroscedasticity

Source: Data processed by SPSS

**Table 3**

**Heteroscedasticity test result**

|  |  |
| --- | --- |
|  | Sig |
| Independence | ,088 |
| Skepticism | ,141 |
| Internal LOC  | ,221 |
| External LOC  | ,548 |

Source: Data processed by SPSS

Based on table 3, it can be seen that the Glejser test of the four variables has a Sig value greater than 0.05, so it can be concluded that there is no heteroscedasticity in this regression equation.

**Descriptive Analysis**

Descriptive analysis is a statistic that describes or gives an overview of the object under study through sample data or population as it is. The results of the descriptive analysis of this study are in table 4.

Based on table 4, it is known that the number of respondents is 67. The independent variable's minimum number is 23, and the maximum is 33. The standard deviation is 2.46486. The standard deviation is used to assess the average dispersion of the sample. With a specific standard deviation at the 95% confidence level (SPSS primarily uses this figure as the standard), the independence average becomes:

independence mean = mean ± 2 x std deviation

 = 27,9851 ± (2 x 2,46486)

 = 23,05538 to 32,91482

The two independent average data limits are slightly different from the minimum and maximum values, which shows that the data distribution in this study is promising. Furthermore, skewness and kurtosis determine whether the independence variable is normally attributable.

Skewness measures the skewness of the data, whereas kurtosis measures the peak of the data distribution. Data is normally distributed if it has skewness and kurtosis values close to zero. The independence variable produces a skewness value of -0.176 and kurtosis -0.403, the result is a normally distributed independent variable.

In the professional skepticism variable, the minimum number is 27.00, and the maximum is 40.00. The standard deviation is 3.52108, and the standard deviation is used to assess the average dispersion of the sample. With a certain standard deviation at the 95% confidence level, the average professional skepticism becomes:

Skepticism mean = mean ± 2 x std deviation

 = 35,8955 ± (2 x 3,52108)

 = 28,85334 to 42,93766

The two data limits for the average professional skepticism differ slightly from the minimum and maximum values. This shows that the distribution of the data in this study is promising. Furthermore, skewness and kurtosis determine whether the professional skepticism variable is normally attributable. The professional skepticism variable produces a skewness value of -0.550 and a kurtosis of -0.680, the result is a normally distributed professional skepticism variable.

In the audit quality variable, the minimum number is 26.00, and the maximum is 35.00. The standard deviation is 2.85421. The standard deviation is used to assess the average dispersion of the sample. With a certain standard deviation at the 95% confidence level, the average audit quality becomes:

audit quality mean = mean ± 2 x std deviation

 = 32,3731 ± (2 x 2,85421)

 = 26,66468 to 38,08152

The two data limits on average audit quality differ slightly from the minimum and maximum values. This shows that the data distribution in this study is promising. Furthermore, skewness and kurtosis are measures to see whether audit quality variables are normally attributable. The audit quality variable produces a skewness value of -0.656 and a kurtosis of -1.103. The result is a normally distributed audit quality variable.

In locus of control internal variable, the minimum number is 25.00, and the maximum is 40.00. The standard deviation is 3.96707. The standard deviation is used to assess the average dispersion of the samples. With a certain standard deviation at the 95% confidence level, the average internal locus of control becomes:

internal LOC mean = mean ± 2 x std deviation

 = 33,7463 ± (2 x 3,96707)

 = 25,81216 to 41,68044

The two data limits for the average internal locus of control differ slightly from the minimum and maximum values. The result is distribution of the data in this study is well. Furthermore, skewness and kurtosis are measures to see whether the professional skepticism variable is normally attributable. Locus of control internal produces skewness value of 0.174 and a kurtosis of -0.879, the result is a normally distributed internal locus of control variable.

On the variable locus of control external the minimum number 8.00, and the maximum is 39.00. The standard deviation is 6.01081. The standard deviation is used to assess the average dispersion of the sample. With a certain standard deviation at the 95% confidence level, the external locus of control average becomes:

external LOC mean = mean ± 2 x std deviation

 = 18,5522 ± (2 x 6,01081)

 = 6,53058 to 30,57382

The two data limits on the average locus of control external differ slightly from the minimum and maximum values. This shows that the distribution of the data in this study is promising. Furthermore, skewness and kurtosis are measurements to see whether locus of control external variables normally attributable. The locus of control external variable produces a skewness value of 0.637 and a kurtosis of 0.886, the result is a normally distributed locus of control external variable.

**Hypothesis testing**

The first regression analysis equation predicts and tests the influence of independence and professional skepticism on audit quality. The following is the result of the SPSS processing that has been done:

**Table 5**

**Results of Regression Analysis Equation 1**

|  |  |
| --- | --- |
|  | Regression Model |
|  | Coefficient | t | Sig. |
| (Constant) | 10,335 | 2,844 | ,006 |
| Independence | ,115 | 1,197 | ,025 |
| Scepticism | ,629 | 6,540 | ,000 |

Source: Data processed by SPSS

Based on table 5, it is known that the coefficient values of the regression equation used are:

Y = 10,335 + 0,115$X\_{1}$ + 0,629$X\_{2}$ + e

The first hypothesis states that independence has a significant effect on audit quality. The regression results in table 5.6 show that Sig 0.025 is smaller than alpha 0.05. This indicates that independence has a significant positive effect on audit quality.

The fourth hypothesis states that professional skepticism significantly affects audit quality. The regression results in table 5.6 show that Sig 0.000 is smaller than alpha 0.05. This indicates that professional skepticism has a significant positive effect on audit quality.

The coefficient of determination (R2) measures how much the independent variable affects the dependent variable, and other variables outside the study explain the rest. Each edition of the independent variable will increase R2, using the R square value to evaluate the best regression model in this study. The results of the coefficient of determination for equation 1 are:

**Table 6**

**The Coefficient of Determination Result of Equation 1**

|  |  |  |  |
| --- | --- | --- | --- |
| Model | R | R Square | Adjusted |
| 1 | ,668 | ,446 | ,428 |

Source: Data processed by SPSS

Based on table 6, the R Square value on independence and professional skepticism without moderating variables are 0.446. This means that the audit quality variable can be explained by 44.6% by the independence and professional skepticism in this study. While other variables or factors outside the regression equation in this study explain the remaining 55.4%.

The second regression analysis equation predicts and tests the effect of independence and professional skepticism on audit quality with locus of control as a moderating variable. Based on the results of data processing, the following results are obtained:

**Table 7**

**Results of Regression Analysis Equation 2**

|  |  |
| --- | --- |
|  | Regression Model |
|  | Coefficient | t | Sig. |
| (Constant) | 27,785 | ,664 | ,509 |
| Independence | ,274 | 2,300 | ,025 |
| Skepticism | ,658 | 7,050 | ,000 |
| Internal LOC  | ,482 | 4,437 | ,000 |
| External LOC  | -,234 | -1,939 | ,057 |
| X1M1 | ,533 | 5,079 | ,000 |
| X1M2 | -,173 | -1,415 | ,162 |
| X2M1 | ,617 | 6,325 | ,000 |
| X2M2 | -,035 | -,282 | ,779 |

Source: Data processed by SPSS

Based on table 7, it is known that the coefficient values of the regression equation used are:

Y = 27,784 + 0,274 X1 + 0,658X2 + 0,482M1 + (-0,234)M2 +0,533X1\*M1 + (-0,173)X1\*M2 +0,617X2\*M1 + (-0,035)X2\*M2 + e

The second hypothesis states that internal locus of control strengthens the influence between independence and audit quality. The regression results in table 7 show that the interaction between independence (X1) and internal locus of control (M1) on audit quality (Y) has a regression coefficient of 0.533 which means it has a positive relationship. The existence of a positive relationship explains that there is an increase in interaction between the independent variable (X1) and internal locus of control (M1) on audit quality (Y) so that it can be concluded that internal locus of control strengthens the relationship between independence and audit quality.

The third hypothesis states that the external locus of control strengthens the influence between independence and audit quality. The regression results in table 7 show that the interaction between independence (X1) and external locus of control (M2) on audit quality (Y) has a regression coefficient of -0.173 which means it has a negative relationship. The existence of a negative relationship explains that there is a decrease in the interaction between the independent variable (X1) and the external locus of control (M2) on audit quality (Y) so that it can be concluded that the external locus of control weakens the relationship between independence and quality audits.

The fifth hypothesis states that the internal locus of control strengthens the influence between professional skepticism and audit quality. The regression results in table 7 show that the interaction between professional skepticism (X2) and internal locus of control (M1) on audit quality (Y) has a regression coefficient of 0.617 which means it has a positive relationship. The existence of a positive relationship explains that there is an increase in interaction between the variables of professional skepticism (X2) and internal locus of control (M1) on audit quality (Y) so that it can be concluded that internal locus of control strengthens the relationship between professional skepticism on audit quality.

The sixth hypothesis states that external locus of control strengthens the influence between professional skepticism and audit quality. The regression results in table 7 show that the interaction between professional skepticism (X2) and external locus of control (M2) on audit quality (Y) has a regression coefficient of -0.035 which means it has a negative relationship. The existence of a negative relationship explains that there is a decrease in the interaction between professional skepticism (X2) and external locus of control (M2) on audit quality (Y) so that it can be concluded that external locus of control weakens the relationship between professional skepticism on audit quality.

The results of the coefficient of determination for equation 2 are:

**Table 8**

**The Coefficient of Determination Result of Equation 2**

|  |  |  |  |
| --- | --- | --- | --- |
| Model | R | R Square | Adjusted |
| 1 | ,732 | ,535 | ,489 |

Source: Data processed by SPSS

Based on table 8, it can be seen that the R Square value on the variable independence and professional skepticism with the moderating variable is 0.535. This means that the audit quality variable can be explained by 53.5% by the independence and professional skepticism in this study. At the same time, the remaining 46.5% is explained by variables or other factors outside the regression equation in this study.

**Discussion**

**Audit Independence and Quality**

The result first hypothesis test is independence has a positive influence on audit quality, first hypothesis accepted. More independent the auditor, higher quality from audit results. In accordance with ethical theory deontology that a person must act in accordance with applicable ethics to have good results.

Results of this research are supported by research Lamba et al. (2020), with research results auditor independence has a positive and significant influence on audit quality. This results in accordance with Rahmina et al. (2014), which proves that auditor independence has a positive impact on audit quality.

In conclusion, independence is an ethic that must be carried out by the auditor when conducting an audit to produce audit quality. If the auditor is not independent, the audit results may be questioned because they are not in accordance with the facts and cannot be used as a basis for decision making.

**Internal locus of control, Independence and Audit Quality**

The results of testing the second hypothesis show a positive regression coefficient. This shows an increased interaction between independence and internal locus of control which can strengthen the influence on audit quality, so the second hypothesis is accepted. The theory of planned behavior states that internal and external factors influences the auditor's actions, the auditor will consider the factors that may affect the actions' results.

This study's results align with Suwantari's research (2020), which states that internal locus of control significantly influences audit quality. This is also in line with Putra's research (2017) which states that internal locus of control positively affects audit quality. So, it can be concluded that auditors who are oriented towards an internal locus of control will try and maximize their ability to achieve audit quality.

**External locus of control, Independence and Audit Quality**

The results of testing the third hypothesis show a negative regression coefficient. This shows a decrease in the interaction between independence and external locus of control which can weaken the influence on audit quality, so the third hypothesis is rejected.

The results of this study are in line with Aqsah (2019), which states that the auditor's external locus of control makes the auditors lack confidence in their abilities so their behavior tends to be reactive and can weaken audit quality. External locus of control-oriented auditors places primary responsibility on luck, fate and opportunity and are determined by others so that external locus of control-oriented auditors cannot maximize independence to produce audit quality.

**Professional Skepticism and Audit Quality**

The results of testing the fourth hypothesis show that professional skepticism positively affects audit quality, so the fourth hypothesis is accepted. This shows that the more skeptical an auditor is, the higher the quality of the audit. The ethical theory of deontology states that a person must act by applicable ethics to have good results. Conversely, the results will be wrong if acting is not by applicable ethics.

The results of this study are supported by Thanh Hai et al. (2020) research, which states that professional skepticism has a positive effect on audit quality. The results of this study are also in line with the research of Puspita et al. (2019), which proves that professional skepticism has a positive effect on audit quality. So that it can be concluded that auditors must possess professional skepticism because professional skepticism can help auditors find material misstatements when conducting examinations, whether caused by errors or fraud.

**Internal locus of control, Professional Skepticism and Audit Quality**

The results of testing the fifth hypothesis show a positive regression coefficient. This shows an increasing interaction between professional skepticism and internal locus of control, which can strengthen the influence on audit quality, so the fifth hypothesis is accepted. Auditors who are oriented towards an internal locus of control believe that success is due to the ability and effort made so that the auditor will be skeptical about producing a quality audit.

Based on the theory of planned behavior, which states that internal and external factors influence the auditor's actions, the auditor will consider the factors that may affect the actions' results. This study's results align with Aqsah's research (2019), which states that internal locus of control positively affects audit quality. So, it can be concluded that auditors who are oriented towards internal locus of control will try and maximize their ability to achieve audit quality.

**External locus of control, Professional Skepticism and Audit Quality**

The results of testing the sixth hypothesis show a negative regression coefficient. This shows a decrease in the interaction between professional skepticism and external locus of control, which can weaken the influence on audit quality, so the sixth hypothesis is rejected.

The results of this study are in line with Aqsah's research (2019), which states that the auditor's external locus of control makes the auditors lack confidence in their abilities, so their behavior tends to be reactive and can weaken audit quality. External locus of control-oriented auditors places primary responsibility on luck, fate and opportunity and are determined by others so that external locus of control-oriented auditors cannot maximize professional skepticism to produce audit quality.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study examines the effect of independence and skepticism on audit quality and tests the locus of control as a moderator between independence and skepticism of audit quality. The sample used in this study was 67 Big Four KAP auditors. Based on the results of data processing, the results of independence and professional skepticism have a significant effect on audit quality. In addition, the internal locus of control strengthens the influence of independence and professional skepticism on audit quality. Conversely, the external locus of control weakens the effect of independence and professional scepticism on audit quality.

This study has several limitations, namely the questionnaires distributed from December to February when auditors conduct inspections or during peak season. Hence, the questionnaire's response rate is not 100%. So, the results of this study are considered inaccurate because of the small number of samples obtained.

Future research is expected to distribute questionnaires during the low season so that the return rate of the questionnaire is maximized. Subsequent research can also increase the period when distributing the questionnaire because, in this study, the distribution was carried out quickly. Hence, the return rate of the questionnaire was meager.

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